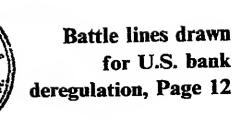


# FINANCIALTIMES

**EUROPE'S BUSINESS NEWSPAPER** 

Wednesday September 14 1983



# GENERAL

# Greece under pressure in EEC

mu 60

1

much.

West German Foreign Minister Hans Dietrich Genscher said that the Greek Government had unleashed a crisis of confidence in the European Community.

He said that this was not merely over its veto of the EEC attempt to condemn the Soviet Union for the shooting down of the Korean jet, but because of the use of its chairmanship of the EEC council. If the Greek attitude did not

change, European co-operation could be paralysed.

In Strasbourg, Conservative members of the European Parliament are planning a censure move

against Greece. The Parliament seems likely to authorise a 1.7bn European currency unit (\$1.47bn) injection to save the Common Agricultural Policy from bankruptcy. Page 3

### Nicaragua complaint Nicaragua has complained to the

UN Security Council about in-creased attacks from U.S.-backed rebels. Page 5

### U.S. troops warning

Leading U.S. Defence Department official Fred C. Ickle warned that unless the U.S. achieved a military victory over guerrillas in Central America it could be forced to station troops there "as in Korea and West Germany," Page 5

### False alarm

Dutch Parliament chamber was Dutcb Parliament chamber was dollar closed at DM 2.682; SwFr cleared for nearly three hours after 2.18; FFr 8.0875 and Y243.95. a telephoned bomb warning. But an Page 39 object found in a sack proved to be a large flask.

# Zimbabwe inquiry

Zimbabwe has appointed a committee of inquiry to investigate allegations of army brutality against civilians io Matabeleland earlier this

# Provos plan manhunt

The Provisional Irish Republican Army says it has launched a man-hunt for informers who helped convict 80 of its members. Sympathisers in the U.S., Canada, Australia and New Zealand are to watch for hig-spending Irishmen. Ulster's supergrasses," Page 8

# Japanese air alert

Japan sent up eight fighter aircraft after radar showed that at least five Soviet aircraft, including three supersonic bombers, flew over the Sea

# Moscow ban broken

A volunteer Air France crew flew a Boeing 727 from Paris to Moscow in defiance of a bun by the French pi-

# Egypt arrests four

Egypt arrested four people on charges of forming a subversive group to spy on Libyans living

# Briefly - . .

Belgium's rail strike spread to bus. train, and underground services. Light aircraft crashed on hitting a pylon at Tordesillas, near Madrid, killing two.

Bombay: At least two people were killed when police fired at a crowd protesting against demolition of

Portuguese jeweller has been fined 150m escudos (\$1.2m) for evading purchase tax.

Israeli Premier Menahem Begin, who is in bod health, has not left his house for five days, newspapers re-

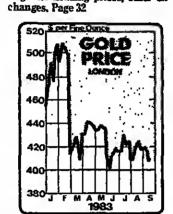
# BUSINESS

No. 29,119

# London index below 700

FT INDUSTRIAL Ordinary in-dex dropped by 12.1 to 695.8 – the first time since July 19 it had fallen below 700. The FT Actuaries Allshare index dropped from 451.86 to 445.3. Government Securities remained static. Report, FT Share Information Service, Pages 33-35.

• WALL STREET: Dow Jones index closed down 4.98 at 1224.09. Full share listings. Pages 30-32 • TOKYO: Nikkei Dow index fell 55.8 to 9299.33. Stock exchange index was 1.98 down at 685.65. Report, Page 29. Leading prices, other ex-



 DOLLAR rose ahead of U.S Treasury refunding moves, to DM 2.679 (DM 2.6605), FFr 8.085 (FFr 8.0125), SwFr 2.1775 (SwFr 2.163) and Y243.9 (Y243.4). Its Bank of England trade-weighted index rose from 128.3 to 128.8. In New York the

© STERLING fell 85 points to \$1.494 and to Y365 (Y366), but im-proved to DM 4.005 (DM 4), FFr 12.075 (FFr 12.035) and SwFr 3.255 (SwFr 3.2525). Its trade weighting fell from 84.9 to 84.7. In New York sterling closed at \$1.491. Page 39

• GOLD fell \$7.5 in London to \$466.872. In Frankfurt it fell \$9.25 to \$406.75, and in Zurich it dropped \$10, to \$407.5. In New York the Comex September settlement was \$407.1 (\$405.3). Page 38.

• AUSTRALIA is expected to lift its wage freeze next week. Page 4 • SPAIN plans to hold wage in creases over the next two years below the inflation rate. Page 2

 MOROCCAN Finance Minister Abdellatif Jouahri left for talks in London and Bonn on his country's S11bn debts.

 ARGENTINA bas asked foreign creditors for a 30-day extension of a waiver on \$300m repayments due tomorrow. Page 20

# COMPANIES

• SWEDISH institutions are seeking a shareholders' meeting of Sandvik, the special steels group and one of the country's top 15 companies, to remove the board, after currency speculation losses of SKr 218ni (\$27.5m). Page 20

• R. H. MACY, the U.S. store group, reported a 38 per cent in-crease in net profits for the year ended July at \$186.7m. Page 21

• HEWLETT-PACKARD, the U.S. electronics group, is buying control of its Japanese affdiate Yokogawa-Hewlett-Packard in a deal said to be worth more than \$30m. Page 21. BRITISH AEROSPACE, aircraft and weapons manufacturer, reported a first-balf taxable surplus 2 per cent down at £36.5m (\$54.5m) Lex, Page 20. Details, Page 24

 LLOYD'S outgoing chairman Sir Peter Green, the leading underwrit-er of London's international insurance market, told members that millions of pounds of their funds lodged offshore will be used to meet coming trading losses. Page 20

# NEWS SUMMERY Paris wants EEC tariff wall for high-tech industry

BY DAVID HOUSEGO IN PARIS

France has proposed a significant increase in external European Community tariffs to protect new, high-technology, European industries against competition from Japanese and U.S. concerns.

The French ideas were put to the EEC Council of Ministers on Monday by M André Chandernagor, the efforts; and more financial backing for high technology sectors from the for high technology sectors from the EEC institutions.

gramme and the European nuclear research centre CERN.

President François Mitterrand, minister responsible for European affairs.

They are seen in Paris as one element in an important French initiative towards pan-European colla-boration in industry and research, to belp make up the ground lost to the Americans and Japanese in high technology and other growth industries such as micro electronics, telecommunications and new forms of energy production.

The French programme includes recommendations for a tougher common external policy and the opening up of national public purchasing to bidding by other Euro-

ft also calls for greater standardisation of industrial norms withing.

The document gives few examples of the projects the French have ers among leading European con- in mind but it points to successful cerns to strengthen their competi- co-operation to date over Airbus Intive power, the pooling of research dustrie, the Ariane space pro-

The programme stems from a detailed study inside the French administration. It is the main plank in France's bid to influence discussion within the EEC on reform of the budget and Community institu-

The French intend to press for their programme when they take over the EEC presidency next year, with other proposals for closer economic and monetary co-operation. The programme is an extension of the ambitious proposals for in-

dustrial restructuring on a Euro-pean scale that the French Socialists first put forward shortly after coming to power.

that Europe must not "miss out on the third industrial revolution." The French proposals are also ac-

visiting CERN yesterday, declared

companied by suggestions for a con-certed European investment programme. An important aspect of this for President Mitterrand's administration is that it would like a European economic recovery to accompany the expected stimulus to the French economy in 1985-86 in time for the 1986 legislative elec-

The French propose among other things:

A larger and more co-ordinated

common research effort. That might include shared research projects in integrated circuits, telecom-

Continued on Page 20 Finance ministers more hopeful,

# China and U.S. close to \$25bn nuclear treaty

BY MARK BAKER IN PEKING

energy contracts worth an estimat-

gy Agency (IAEA), appears ready to accept U.S. saleguards and inspecbon conditions in return for advanced nuclear technology.

There is already good mutual

understanding. We have come a long way down the rnad to agree-ment," a U.S. diplomatic source China plans to build eight nuclear

power stations by the year 2000. An official U.S. study has estimated

BY KENNETH GOODING IN FRANKFURT

Sales of U.S. built VW cars, how-

ever, will not match the 1982 total

will replenish stocks, according to

Volkswagen's sales director, Dr

Sales of imported VW and Audi

Output at VW's Westmoreland,

Pennsylvania, plant plummeted hy

55 per cent in 1981 as the U.S. mar-

ket turned away from the diesel

cars on which the group relied

models, and the group expects total in Mexico. U.S. registrations at the end of 1983 In addition

Werner Schmidt.

car output at its U.S. plant this year by 10 per cent from 92,000 to Haha, VW's chairman. In the first eight months of this

because some of this year's output January-August period of 1982.

cars should more than make up for offset by a slight fall in sales in the the downturn in locally produced rest of Europe and by a major fall

U.S. registrations at the end of 1983
to show an increase of about 15 per cent on last year's 202,000.

The state of the end of 1983
In addition, although group registrations in Brazil in the first seven months rose 14.6 per cent of 1983

agreement on a bilateral nuclear co-operation treaty that would enable \$25bn supplying the nuclear energy American companies to compete for programme. nology. The U.S. Nuclear Non-Prolifera-

ed S25bn.

A delegation headed by the U.S. from bidding for the Chinese conspecial ambassador for nuclear after the Bibbard Konned let the constant of the Chinese constant of fairs, Mr Richard Kennedy, is due reached between the two governin Peking on Sunday to continue meots. Such agreements are de-China, which last week applied to join the International Atomic Energy Agency (IAFA)

The U.S. Government oow appears to be accepting the reality that China, which exploded its first nuclear device to 1984, is already a major nuclear power.

The negotiations are believed to be concentrating on general provisions for safe bandling of materials, rather than the risks of China "onpassing" technologies, as the country already has the ability to trade Canada's nuclear problems, Page 5

Volkswagen expects to raise

output at U.S. plant by 10%

VOLKSWAGEN expects to increase 450 cars a day and stock levels are VW forecast that the West Ger-

The group's car sales worldwide

are forecast to match last year's 2.1m, said Dr Schmidt. Increases in the U.S. and West Germany will be

that progress might not be main-

Dr Hahn said that Brazil's indus-

tries must expect to face difficulties

in the next two years as the Gov-

In response, VW has boosted its export effort and in the first seven

months of this year exported 60 per

cent more cars and light commer-

ernment attempts to solve the coun-

try's economic problems.

cial vehicles from Brazil

CHINA and the U.S. are close to that American companies stand to its own highly sophisticated tech-"If a guy already has a Maserati,

giving him a Jeep is nothing," the U.S. source said. Crine is believed to want U.S. cooperation in the energy programme as an alternative source for supply-

ing a large quantity of advanced equipment quickly. The U.S. source said the treaty would acknowledge China's unique status among the five nations with nuclear weapons: "It is a nation friendly to the U.S., not the same as

Britain and France, who are allies, nor the Soviet Union, which is neither friendly nor an ally." But be said the treaty was not a commercial negobation," and the U.S. would not be sacrificing its

man market would reach a total of

It would also be below the peak 2.56m of 1978.

In the first eight months of 1983 VW and Audi delivered 516,000 vehi-

cles in Germany, up 8.3 per cent. Sales to the rest of Europe at 419,000 were slightly below those

for the same period a year ago. The group sold 1.45m vehicles world-

VW's joint ventures with Nissan of Japan and Seat in Spain are both

progressing smoothly. Dr. Schmidt

said. In Japan Nissan would pro-

duce the first Santanas at the end

of this year, for sale early in 1984.

8,000-10,000 imported cars in 1983 through the 500 Seat dealers who

bave, so far, been signed up. Assem-bly of the Passat begins at the end

of this year and Polo/Derby produc-tion is scheduled for a year later.

In Spain VW expects to sel

wide in the first eight month

lahn, VW's chairman. 2.4m cars this year, a rise of 10 per in the first eight months of this cent. But Dr Hahn insisted that this

year VW-Audi sold 142,400 cars in could not be described as a boom,

the U.S., about the same as in the only a reaction to pent-up demand

overall non-proliferation interests.

# **UK** acts on oil tax after **BP** sale proposal

By Ray Dafter in London

MR NIGEL LAWSON, UK Chancelor of the Exchequer, yesterday threw up a barrier in the path of British Petroleum's (BP) proposed £280m (\$388m) sale of North Sea Forties field assets.

He moved quickly to close a tax loopbole which BP was hoping to exploit. The sale - involving 12.5 per cent of BP's interest in Forties will still go ahead but it is likely to attract fewer buyers. Following the Chancellor's action the Inland Revenue is expected to receive well over £100m in petroleum revenue
tax (PRT) which it could have lost
under the original BP proposals.
Mr Lawson has stepped in to prevent companies using tax credits

gained from the expenditure on past exploration and appraisal drill-ing against production revenue in the Forties field. He said that the impact on oil tax revenues would be "extremely costly" if the tactic was applied widely in the North Sea. It was estimated that the industry had amassed about £1.2bn in unre

lieved expenditure which could have been offset against tax in deals like the one originally proposed by BP. Changes in petroleum revenue tax regulations are to be introduced in next spring's Finance Bill, al-though they will affect all changes

in oil field ownership as from today, Companies will still be able to use tax credits obtained from present and future drilling activities to offset their tax bills, however. Mr Lawson's appouncement is the latest in an extraordinary series

of events, BP surprised the oil industry by revealing a week ago that it planned to sell 12 per cent of the highly laxed Forties field (12.5 per cent of its own stake). Under the original scheme, BP proposed to sell 10 per cent of Forties in small units each representing 0.25 per cent of the field's assets at a minimum tender price of £5.25m. BP has also been negotiating with two un-named companies for the sale of the other 2 per cent interest.

The move, which had been discussed in Whitehall, also fell foul of ministers partly because of the implications for tax revenue and partly because it introduced a new system of changing ownerships in North Sea oil fields. The Govern-ment was also upset by the method and timing of the announcement,

Continued on Page 20 UK nil demand falls, Page 7; Brazil's oil search, Page 11

# U.S. prepared to defend **Beirut forces**

BY PATRICK COCKBURN IN BEIRUT, REGINALD DALE IN WASHINGTON AND LOUIS FARES IN DAMASCUS

States approved the use of air imply that murines could respond strikes in addition to naval gunfire to fire directed at a neighbouring if needed to defend the multination. Lebanese army unit. al peacekeeping forces in Beirut.

D 8523 B

The White House insisted that there had been no change in the operating orders under which the Manneutral peace-keeping role. rines are allowed to respond to attack - all kinds of defensive fire are available, Mr Rengan has, on severat their command.

Washington's explanation, how-Lebanese army, "If the marines are in danger be-

culty, the marines are authorised to

INTERNATIONAL involvement in defend themselves," Mr Larry the Lebanese crisis appeared to be Speakes, the White House spokes-deepening yesterday as the United man said. His statement seemed to

The White House clarification The approval came as Saudi Ara- came as members of Congress, bian efforts to mediate in the fight- which reconvened in Washington ing made little bendway and Syria on Monday, showed growing anxio-warned that it would oppose further ty that U.S. forces would be drawn military involvement in Lebanon. further into the confuci. There were Heavy fighting was rontinuing last some fears in Washington that the marines could increasingly be seen as supporting the Lebanese Gov-

In a move which reflected the growing concern of member nations of the multinational force, Mr Richal occasions in the past week or so. and Luce, the UK Foreign Office pledged that the marines will de Minister responsible for Middle fend themselves with all resources East policy, flew to the en:buttled city to start a fact finding tour.

Mr Luce will visit the 96 strong ever, seemed to give the U.S. forces greater scope to use air and naval keeping force and hold talks with shellfire to defend not only them. Lebanese ministers, But officials in selves but other rontingents in the London said Mr Luce's brief did not multinational force - as well as the include discussions of the size or Continued on Page 20

cause the Lebanese army is in diffi- New PLO role, Page 4; Syria seizes

# LancerBoss takes over Steinbock

BY PETER BRUCE IN LONDON

third largest lift truck producer, bandling, Steinbock, for about DM 10m Mr Box (\$3.75m). The deal was struck after Steinbock's creditor banks agreed to write-off loans worth DM 55m. Mr Neville Bowman-Shaw, chairman of LancerBoss, which ranks second in Britain to Lansing Bagnall, said yesterday the Bavarian Government had also put up a

package. Steinbock manufactures in two plants, both in Bavaria.
The combined sales of Lancer-

"symbolic" amount of money in

ers in the world. Boss for a partner, preferably one

THE SPECIALIST UK fork lift with a range of small lift trucks to truck manufacturer LancerBoss complement its large products, has taken over West Germany's which are used chiefly in container

Mr Bowman-Sbaw sald Lancer-Boss would "follow to the letter" a plan in band before the takeover to cut Steinbock's workforce from 1,100 to 840. Also, the smaller of the two Steinbock plants in Bavaria would be closed and production of Steinbock's larger trucks would be transferred to Leighton Buzzard in England, where LancerBoss is grant to signal its backing for the based.

Agreement by the German banks to write off Steinbock's loans had been critical, Mr Bowman-Shaw Boss and Steinbock, about DM said. The company's capital could 304m last year, places the oew now be restructured with its geargroup among the 10 major produc- ing of 300 per cent cut by two thirds.

The deal represents the culmina- Boom for Swedish car makers, tion of a two-year search by Lancer Page 6; LancerBoss news analysis,

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heavily for sales. Talks bave taken place with the U.S. group Chrysler about the possibility in sharing Westmoreland capacity, but VW confirmed yesterday that these bad

no-one expected . . . . . 18 micro . . . . . . . . . . 27 The war in Lebanon: Syria Editorial comment: Third UK economy: time to bring Lex: BTR; BAe; Bowater;

and Edinburgh.

# U.S. tries to keep fractious allies apart, but together

"THE EASTERN Mediter The ink was hardly dry on ranean is a region we must and the bases agreement with du care about. It is also an area Greece before Ankara was sigdn care about. It is also an area of frustration," Mr Richard Burt, U.S. Undersecretary for European Affairs, said last

Some of that frustration was eased last week with the signwashington and the Socialist Government of Mr Andreas Papandreou in Athens to extend for at least five years the opera-tion of the four military bases which the U.S. has maintained in Greece since 1953.

The negotiations over the bases underscored the long-term strategic and political quandary in which the U.S. finds itself in the Eastern Mediterranean, where, for almost 20 years it bas been the uncomfortable "superpower in the middle" between its two quarreling re-gional allies, Greece and Tur-

Both countries remain dependent on the U.S. for defence aid. Athens and Ankara are locked athens and Ankara are locked in a fierce race for American arms, and military credit. Greece is expected burriedly to match last week's purchase hy Turkey of 160 U.S.-made F-16 aircraft with a purchase of ahout 100 aircraft of the same type. It will pay for the aircraft with the help of the \$500m in U.S. mllitary aid for this year secured with the signing of the

nalling its displeasure to the Americans over reports that the text included a commitment by Washington to maintain the balence of miltary power between Greece and Turkey.

Just as characteristically, Washington had not fully satisfied the Greeks either. Athens feels that U.S. favouritism for Turkey was to blame for the fect that the Americans could not be persuaded to compite themselves. persuaded to commit themselves to maintaining the 7:10 economic and military aid ratio for Greece and Turkey which the U.S. has informally kept since the late

The present Greek Government blames the U.S. for its support of the 1967-74 colonels' junta, and for what many believe to have been its direct encouragement of the 1974 coup in Caraca and the suppose the colonels. in Cyprus and the subsequent Turkish invasion. It is also con-vinced that since the loss of Iran and Agbanistan, Turkey is seen by Washington as the more important of the two allies.

The Turks, for their part cite with bitterness the arms embargo imposed on Ankara hy the U.S. In the wake of the Cyprus crisis. Despite U.S. support for the military regime in Ankara, they feel that an American tilt towards Greece is the inevitable consequence of the large Greek-American com-



tive Greek lobby in Congress. Washington has tried to avoid coming down on either the Greek or the Turkish side.

There are fundamental strategic reasons for the U.S. attitude, highlighted by the tough battle fought to preserve Washington's rights over the military bases in Greece.

During the negotiations, the argument was often heard that these bases were expendable, their functions transferable to satellites or to locations in other Nato countries such as Italy or Turkey.

munity in the U.S. and the effec- exercise which the U.S. is anxious to avold, requiring the duplication of natural harbour facilities such as those available to the U.S. Sixth Fleet on the

island of Crete, Satellites are vulnerable to attack and to

weather conditions, they say. The U.S. maintains four major hases and several ancil-lary installations in Greece. The most important hase is at Souda Bay on the island of Crete, half way hetween the Greek mainland and the Lihyan coast. The Souda Bay complex provides natural anchorage and port facilities for the Sixth Fleet as

is linked to the nearby Nato Namfi missile firing range. The next most important base

is at Nea Makri, north of Athens, which is part of the U.S. global communications system, controlling nuclear submerines in the Mediterraneen. It also acts as a back-up command post for the Indian Ocean and e meln link for U.S. diplomatic communications.

An airbese at Hellenikon, east of Athens, is a centre for surveillance and reconnaissance missions in the Middle East as well as the northern Wersaw Pact area. Heraklion airoose, on Crete, is used for monitoring Soviet activity in the eastern Mediterranean.

Military experts agree that the Greek hases form an the Greek hases form an integral strategic unit with those in Turkey, which would break down if either country were neutralised as a Western ally. While the bases in Turkey are used passively for intelligence-gathering and deterrence, those in Greece provide active direct operational support for the Sixth Fleet.

A report to the U.S. Senate Foreign Relations Committee argues that the Crete bases, which are the most difficult to which are the most discent to replace, are also essential to support the defence of Turkey, where jointly operated Ameri-can bases are geared towards

" It is the Nato capability that is derived from the interrela-tionship between these bases ... thet is more importent to the U.S. and Neto then any individual hase in either country."

Americao officials stress the need to try to mend fences between the Greeks and the Turks, eltbough they admit that the chances of success are slim. On the Greek side Mr Papandreou's 1981 election victory has made things worse. His radical image in opposition has forced him to guerd ageinst any soften ing of his anti-U.S. attitude, lest he lose face before bis electorate

Mr Papandreou has shown little interest in American and Nato suggestions that he should start talks with Turkey and negotiations between officials of the two countries are so far limited to minor economic and tourism issues.

Mr Papandreou has elso been reluctant to eodorse the recent Washington-backed Initiative by Mr Javler Perez de Cuellar, the UN Secretary-General, for a Cyprus settlement—the most obvious route to the easing of Greco-Turkish tension.

Asked what the U.S. would do if Greece and Turkey were ever to clash egain, most U.S. where jointly operated American bases are geared towards identifying and countering any Soviet attack on the vital Darbert ideas?"

Well, we'll try and stop them, I guess," one said. "Got any better ideas?"

# Spain plans to hold pay below inflation rate

SPAIN'S Socialist Government intends to hold down wages below the expected inflation rate over the next two years.
It is also committed to introducing short-term contracts in
response to long-slanding busi-

response to long-standing business complaints over present rigid employment legisletion.

Details of the Government's plans were disclosed at a screes of separate meetings between the Ministers of the Economy, Employment, and Industry, and leaders of unions and employers' associations yesterday and on Monday.

Monday.

Sr Miguel Boyer, Economy Minister, claimed the proposed wage restraints would be a major factor in the creation of 640,000 johs hy 1986.

In a clear bid to meet labour dissatisfaction over the restraints and the short-term contracts, Sr Boyer allegedly agreed to consider doubling budget allocations for unemployment benefits and to increase minimum pensions to three points above the infiation rate, during his meeting with rate, during his meeting with the Socialist trade union, the Union General de Trabajadores

(UGT). The Communist-led trade union, Comisiones Obreras, which met with the Government economic team yesterday, source of its sharply criticised the proposals, terming them a "hrusque stabilisation plan," and accused the Government of reneging an promises to negotiate with unions a broad four-year years. Economy Ministry economic recovery wears.

down salary increases to 8.5 per

fina hope

11:00

lanci

Minister said, wage rises would Minister said, wage rises would be half a point below the inflation rata. The Government intended there to be parity between salary increases and the cost of living index in 1986, the last year of the Socialist mandate, he added.

At the meetings, Sr Joaquin Almunia, Employment Minister, around that an alteration to the

Almunia, Employment Minister, argued that an alteration to the present fixed employment legislation was, in eddition to the wage restraint policy, essential to the overall Government plan to reduce unemployment. Increased lay-off benefits and pensions, as well as the undertakings on jobs, are the visible sweeteners that the Government could introduce in its

ment could introduce in its budget when it is presented to Parliament at the end of this

month. The UGT leadarship is wary of the rival Comisiones Obreras union capitalising on the austerity measures.

The Government Intention to create 640,000 jobs by 1986, of which 185,000 would be created by next year, falls short of a key Socialist electoral campaign promise to expand the labour market with

economic recovery programme.

Sr Boyer expects an g per improvement would, however, cent inflation rate in 1984— allow the Government to meet against a targeted 12 per cent its 800,000 10b campaign this year—and intends to hold pledge.

# American Airlines announce the M23 extension.



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# **Capacity of Setenave** shipyard to be reduced

THE CAPACITY of Portugal's will be covered by the national financially - crippled Seteneve Unemployment Fund, the shipyard will be reduced. The Government stresses. yard, whose accumulated losses exceed \$100m (£66m) is the first casualty in the campaign by the Government or Sr Mario

sector lame ducks.

The Soares Cabinet decision, published in the official gazette this week, calls for gradual reduction in capacity, retaining

fleet. The yard employs more than co.000 workers, most of whom lution, the yard became a hive of left-wing militancy, employed for years due to the world shipping crisis and contents for which is the future. Nationalised in the 1975 Revolution, the yard became a hive of left-wing militancy, employed for years due to the world shipping crisis and contents for which is discussed in the 1975 Revolution, the yard became a hive of left-wing militancy.

Meanwhile, Setenave's manage-ment may not accept any orders without prior authorisation from the Government: At the moment, the yard is completing three grain carriers for the national shipping company CNN (Com-panhia Nacional de Navegacao), itself suffering from financial difficulties.

enough, however, to allow Setenave was founded in 1972
Setenave at some future date when it seemed that the superto refurbish Portugal's merchant deet.

When it was geared were the vessels of the future.

Setenave's reputation for constant labour tronbles which discouraged possible clients,

Redundancies at Scienave are likely to begin within a month.

Workers who lose their jobs in the yard were sustained by resources from the unemployment fund, and the yard was kept alive by buge loans from nationalised banks and Government subsidies.

# **Norwegian Conservatives** hit by local poll setback

BY FAY GJESTER IN OSLO

NORWAY'S Conservative Party, dominant partner in the ruling three-party coalition, suffered an unexpectedly sharp setback in local elections on

Sunday and Monday.

It lost support both to
Labour, the largest opposition
party, and to the small far-right Progress Party.

The latter did even better than polls had predicted, winning 6.3 per cent of the vote.

This was a gain of 3.8 percentage points on the previous local elections four years ago and 1.8 percentage points better than in the September 1981 General Election.

The Labour and Conservative Parties secured 39.3 per cent and 26.1 per cent respectively. For Labour, this was an encouraging gain. It compared with 37.3 per cent in 1981, and 36.1 per cent in 1979.

For the Conservatives, led by Prime Minister Kaare Willoch, it was a mortifying drop from 31.6 per cent in the 1981 General Election, and from 29.7 per cent in the 1979 local elections. It was also well below most opinion survey forecasts, which had predicted a 30-31 per cent

Conservative poll. Voter turnout, at only 67.6 per cent, was the lowest since World War II. The economic

which began to bite in Norway when began to one in Norway just about the time that the Conservatives cama to power two years ago, is at least partly to hlame for the party's poor

It has led to a leftward swing by working-class voters worried hy rising gnemployment and public spending curbs which they see as a threat to the wel-fare state.

At the other end of the political spectrum, middle and upper-income groups, who had boped for generous tax concessions and hefty public spending cuts under e Conservative administration, have been dis-appointed by the Government's relatively tame performanca on both scores.

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# Finance Ministers more hopeful on world recovery rooted love

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

FINANCE MINISTERS and their officials from the major industrial countries have become significantly more optimistie since the summer about the prospects for recovery of

the prospects for recovery of the world economy.

Their change of mood has resulted from a number of format and informal discussions, the latest of which was ot the EEC Finance Miniaters meeting at the Greck island of Kefalinia this weekend. Ministers have been encouraged by more optimistic forecasts now being made privately at the Organisation for Economic Co-operation and for Economic Co-operation and Development in Paris.

In its latest published fore-cast in July, the OECD pre-dicted that world output would rise by 3½ per ceot next year compared with this. However, it put the annual growth rate for Europe at only ½ per cent for 1983 and 1½ per cent for next year.

A consensus is now emerging among government economists in Europe that growth is year will be half a somewhat higher than the OECD predicted.

of the year and fears that weak growth might be snuffed out again next year.

Now ministers appear confident that the European eco-nomy will follow the U.S. and Japan ioto a recovery phase next year, though at a rather halting pace.

Even small shadings of opinion about the course of world recovery are likely to he important in the discussions Although these revisions appear smail, they represent an important new emphasis in view of the feebleness of Fund's annual meeting in Washview of the feehleness of Euro- ingloo at the end of the month.

# West LB sees modest growth

BY OUR BONN CORRESPONDENT

THE West German economy will prohably show only a modest rate of growth over the next four years, but inflation will he low and the current account will slay in bealthy

This is the mildly encouraging projection given yesterday by Westdeutsche Landesbank (West LB) in its latest survey of economic prospects in tha West to 1987.

The hank's estimales show this rate would be exceeded only by the U.S. and the survey of economic prospects in tha west to 1987.

West to 1987.

On halance, West Germany emerges better from the survey than most of its rivals in the Organisation for Economic Co-

operation and Development Only Japan, Switzerland and (OECD) area—hut some hig Holland are shown as coming problems and questions remain.

West LB helieves the Gerwest LB estimates that the man economy will grow in real terms (after allowing for infla-

West LB estimates that the German current account will be \$4bn in surplus next year (after \$5bn this year) and will be, on average, 82.5bn in the black be-tween 1985 and 1987.

The bank acknowledges that projections over so long a period are bound to be some-what uncertain, and the quesinternational interest rates.

# Bonn's petrol plan under fire

The chief xecutives of BMW and Volkswagen yesterday industry are due to have talks joined in a crescendo of criti-with Government representacism of the Government's plan tives soon to discuss how to im-at scparate press conferences on plement the plan. the eve of the International Motor Show in Frankfurt,

to more petrol usage. Car makers and the oll

The Cabinet in July accepted

were the best way to reduce in cleaning up the air in the already depressed level poliution from car exhaust. The Government decided that BMW diesel engines; Ford fumes, in view of the many no new cars would be registered automatic transmissions, Page 6

CAR MANUFACTURERS in problems and costs involved. West Germany are mounting a growing campaign to persuade the government to amend its plan to require the use of lead-free petrol and catlyctic converters as an anti-pollution measure from 1986.

Europe.

Europe.

in West Germany after January in West Germany after January verter to reduce pollution and simultaneously cut petrol consumption, while the Government's plan would lead to more petrol usage.

Herr Eherhard von Kuenheim of BMW questioned whether catalytic converters were the best way to redner

hut output and export of trucks is suffering a severe setback. Taking the holiday months of July and August together, car output reached 460,100, up 2 per cent on a year ago. Truck production—which has been particularly bit by a drop in foreign orders for large vehicles—sank to 38,600 in July-August, 3 per cent below

# W. Germans show deep of forests

worried about the creeping death of their forests than they are about the arms race. They would even pay n special levy to save the trees

they love.

On the face of it, these results of a new opinion poil may look surprising, with thousands of Germans ont demonstrating against nuclear missiles and incomes generally preity tight. But the poll, by the re-spected Allensbach institute,

merely confirms what genera-tions of poets and artists have recognised. For the Germans, forests are a national symbol (challenged in modern times, perbaps, only by the fast car).

According to Allenshach, no tess than 99 per cent of Germans older than 16 have heard about the dying trees, and more than balf have noticed worrying signs in their neigbbourhood.

Asked what problems parti-

cularly worried them, more than 90 per cent mentioned unemployment. But 74 per cent were concerned about the forests, 4 per cent more than those worried about the arms race. More than 50 per cent, the survey found, would pay a levy to finance a save-the-trees programme.

# Poland wants share

of church farm aid POLAND would like to see funds from a controversial scheme channelling Western church aid to private farmers

in state-run agriculturally-related industries, Chris-topher Bohinski reports, Mr Stanislaw Zieha, Agriculture Minister, yesterday suggested some of the fund might be spent on pesticide factories, tyre plants and the animal feed industry. He denied the idea had been put as a condition for official agreement.

Under the plan—given an official go-ahead in principle
—Western churches bope to raise DM 5bn (£1.25bn), to sell machinery, seed and pesticides to Poland's private farmers who farm 7S per cent

# Genscher attacks Greek handling of EEC issues

European foreign policy co-operation would be paralysed and efforts to reform EEC

finances and agriculture could be threatened 100.

Herr Genscher, who normally favours wrapping up his dis-satisfaction in more diptomalle phraseology, is known to be especially annoyed by Greece's efforts to win EEC support for shelving the NATO timetable for missites deployment.

Herr Genscher, who normally

THE West German Foreign Minister, Herr Hans Dietrich Genscher, has criticised Greece in unusually hitter terms, saying the Athens government has unleashed a "crisis of confidence" in the European Community

dence" in the European Community.

In a radio interview yesterday, Herr Genscher made clear his criticism applied to Greece's chairmanship of the EEC council in general, not simply to its controversial stand over the downed Korean airliner.

If the Greek anitude did not change, Herr Genscher said

CAP likely to get extra funds

looks likely to authorise a 1.7bn funds. currency unit (£984m) cash injection for the Common Agricultural Policy by the end of October—just in time to save the CAP from

hankruptcy. Predictions that Parliament would approve a supplementary hudget for the community around October 28-29 were being offered yesterday by leaders of its key budget committee westerday at the committee westerday at her if the

French official shot

official was shot dead in Corsica northern Corsica. Although no yesterday in one of the most group immediately claimed serious acts of violence since responsibility for the shooting, the separatist Corsican National his murder was widely regarded

the separatist Corsican National
Liberation Front (FLNC) was a another act of terrorist outlawed by the Mitterrand administration at the heginning of this year.

M Pierre Massimi, 36, a parisian who was appointed one of the island's most important local officials last April, was murdered as he was returning home from his office in Bastla, the island's northern port town and traditional bothed of paign to try to out an end to the

dead in Corsica

and traditional bothed of palgn to autonomist violence. The island's M Massimi was the secretary- violence.

BY PAUL BETTS IN PARIS

THE EUROPEAN Parliament a clear majority for the extra half the current ECU 1.4bn monthly cost of the CAP.

But in a bid to gain the maximum political advantage from the cash erisis overhanging the CAP, parliamentary strategists do not want to hurry the passage of the supplementary budget, through the first of the

palgn to try to put an end to the

island's political and criminal

called a "mouse."

ment against the Greek Govern

ment's neutral stand over the shooting down of the South Korean airliner, writes John

Wyles, Greece's refusal to allow Community Foreign Ministers

to issue a joint condemnation of the Soviet Union on Monday

apyears to have outraged a good many MEP's who took likely to pass an emergency resolution critical of Greece, tabled by some British Conser-

The timetable envisaged by the budget committee virtually ensures that only a half pay-ment will be made. However, budget by the end of October should enable the Commission to pay the other half, of the monthly advance, in time to avoid any serious disruption of

leaders of its key budget committee. According to some mittee. According to some members, the Parliament's vunerahility to pressure from the EEC's powerful agricultural lobhies is beginning to assure

The European Commissioner for Budgetary Affairs, warned the commission with the committee yesterday that if the should also enable the UK to gain the extra £171.6m, which is contains as an additional rehate on Britain's payments to the EEC hudget in 1982.

### Work on 'atom tunnel' starts

By Anthony McDermott in Geneva THE PRESIDENTS of Switzerland and Fraoce yesterday inaugurated construction work inaugurated construction work on a 27-kilometre circular tunnel which will be a key part of the "atom - soushing" research programme of the European Council for Nuclear Research (CERN). CERN has its beadquarters at Meyrin, just outside Geneva.

outside Geneva,
Five-sixths of the tunnel,
known technically as LEP
(large electron positron collider) will be under France in
the Gex region. It will be
operational by the end of 1983.
The artises South Court of 1983. The project, costing SwFr 950m (£290m), has been awarded to a large number of European, U.S., Canadian and Japanese

# Belgium faces public service strike

A NEAR nation-wide Belgian railstrike spread to the postal service and Brussel's public transit system yesterday, as Belgiam braced tiself for a strike tomorrow by 900,000 public service employees

public service employees angry about planned cuts in benefits and wages.

The streets of Brussels were jammed with traffic and the work rail strike made many late for work. There was only very limited subway service in Brussels and trams.

o buses and trams.
Only a few trains operated in Flanders, Belgium's Dutch-speaking northero half.

officials reported.
Post office employees joined the rain and transit workers yeslerday afternoon and said they would slay off work until

l teast Friday evening. Union officials sald planned budget cutting measures by the Government will cost Government workers the equivalent of \$188m next year in cuts in salary, lower vaca-tion and year-end bonuses, and higher social seemity

contributions.

Mr Willy De Clerq, Finance Minister, sald the austerity measures will yield savings in the public service sector of \$158m. He added that the Government will not back down in ils efforts to improve Belglum's precarious finan-cial situation.

the strike by rail workers bas thrown inferoational and national train service in disarray. Trains between Amsterdam and Parls were rerouted through West Germany and Lucambourn Luxembourg.

# Geneva probes Gelli escape

THE GENEVA City Council has formed a special commis-sion to investigate the disappearance from a local prison of Slg Licio Gelli, a key figure in the Italian "P2" political and financial scandal,

Sig Gelli, the elnsive former Grandmaster of the secret P-2 masonic lodge, fled effortlessly from Geneva's Champ-Dollon jail on Angust 10, hldden in a small delivery

# Now it's possible to build a spreadsheet, generate a pie chart, change the pie chart to a bar graph, edit the memo, add a free hand drawing, and then get an exact print out of the whole thing. With one hand tied behind your back.

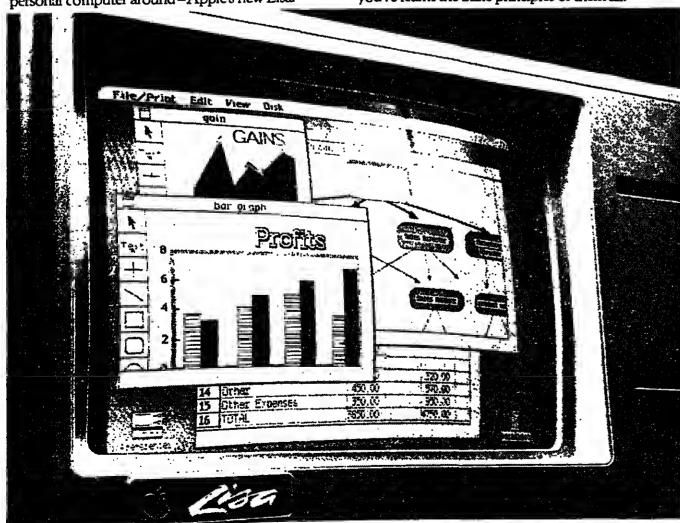
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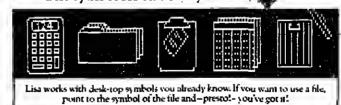
And once you've learnt to use one program, you've learnt the basic principles of them all.



THE MAGIC OF A MOUSE.

Lisa is incredibly fast to work with because of a clever desk-top device By moving it you move & the cursor on the screen, pointing to the function you want to employ: Click the mouse while the cursor is over the symbol of the function and Lisa gives you instant access to it.

Lisa's functions are clearly and simply represented by symbols The symbol for stationery



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Later, Apple Net will give you communications through an in-tray and an out-tray (on your Lisa screen of course). Lisa Terminal lets you open windows, to fill with information from another computer for analysis. NO PERSONAL COMPUTER HAS-

EVER BEEN THIS POWERFUL. For people who want to run tailored programs, Lisa runs BASIC, PASCAL and COBOL high level

Hardware includes a 1 megabyte microprocessor main memory and 1.7 megabytes of built-in storage on two floppy disks.

Lisa lets you "cur and paste" even thing from spread-licets to business graphics to word processing- at the same time.

A 5 megabyte ProFile hard disk storage allows all Lisa applications to be stored on one disk. A highresolution screen makes Lisa graphics very special.

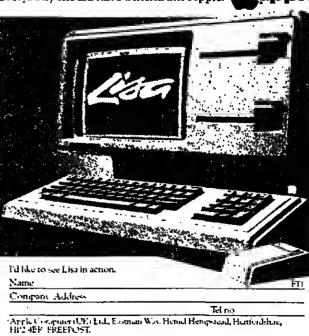
Lisa's dot matrix printer (160 x 144 dots per inch) features proportional spacing with bold, italics, or underlined characters. And Lisa lets you print in any one of 11 different type styles.

The same high level graphics you get on the screen you get on the printer.

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you've got to work with it. Fill in the coupon below and we'll arrange a demonstration. And you'll see why, although you can use it with one hand tied behind your back, Lisa will untie your hands.

Everybody should have a friend like Apple.



THE GROWING concorn in and Chatilla massacres, ho Israel over the role of the remains in the Cabinet as a Palestine Liberation Organisa- Minister without portfolio. tion in the current round of fighting in Lebanon has led to a sharp row within the Israeli Cahinet hetween Prof Moshe Arens, the Defence Minister, and his predecessor, Gen Ariol

Israel appears to he somewhat taken aback by the activo participation of more than 1,000 Palestinian guerrillas in the tighting in the Chouf Mountains near Beirut Israel invaded Lebanon 15 months ago to drive tho PLO out of Lebanon, and is now dismayed to see the guerrillas returning to the areas the Israeli army evacuated just over a week ago.

The sternest critic of Israel's Gon Sharra, the man behind the Israeli invasion, hough forced to give up the defence portfolio by the criticism of his actions in the reports of the

In an undisclaimed hroadside. he accused Prof Arens, of heing responsible for incorrect policies which have allowed tho PLO to return to Beirut, and enhance the standing of Syria. "When I left office seven months ago the PLO had been ousted from Beirut, their infra-

structure had been smashed Galilee bad been saved. The Syrians and the PLO bad been driven from the Chouf," Gen Sharon declared at a public meeting. "Now, when I am no longer at the centre of decision making, the Syrians and PLO and the Druze who collaborate with them are returning to places from which they were

This was a clear reference to Foreign



Prof. Arens . . . attacked by

Prof Arens. On Sunday the two men crossed swords at tho weekly Cahinet meeting, with Prof Arens hlaming Gen Sbaron for the "original sin" of onabling the Christian Phalange forces to enter the

"The hattle between theso "Thoso who brought this two leading members of the about are those who failed Herut Party is likely to make to disclose to the Cabinet the task of running a new what they were doing in Government quite problematic Lebanon . . ."

# Reagan walks tightrope on use of Marines

that the U.S. Marines in Beirut would be "home by Christmas" -last Christmas, that was. Tho last fow days have seen

the Marines drawn ever more closely in the frustrating conflict, take their first combat casualties and receive major new offshore reinforcements. Following a top-level White Following a top-level white House meeting at the weekend, the Marines have now been told that they can call in air strikes from U.S. carrier-based aircraft, as woll as use the long-rango guns of the U.S. warships off the Lebanese coast 10 defend themselves "without limit" from sholling.

In addition to the 1,200 Marines already on shore, and 600 in support at sea, a further 2,000 have now arrived from the Indian Ocean. Tho refurhished World War II battleship, the New Jersey, with 16 inch guns, has passed through the Panama has passed through the Panama ably more casualties than the Canal reportedly en routo for Marines. Besides, Mr Reagan the Mediterranean to provide does not want to suggest that further fire power. The Syrians, U.S. forces can be counted on

armed forces of direct com-

plicity in the killing of Tamil nationals in July's racial

Mr Amirthalingbam is in London seeking support for a federal solution to the crisis

between the Tamil minority in the north of the Island and

the Sinhalese majority. How-

ever, Foreign Office Ministers are refusing to see him.

IT NOW seems an inordinately long time ago that Reagan as heavily responsible for the Administration officials could latest fighting, have been be hoard confidently suggesting to withdraw from crisis areas at the first whiff of grapesbot. He however, Mr Reagan has insisted the White House end Capitol however, Mr Reagan has insisted the White House end Capitol that it does not apply to Beirut. Hill that Mr Reagan is anxious to avoid. He clearly warns to power is thero to be used. And yet it is as unclear as in Central America.

ever where this is all going to lead. either on the ground in Lohanon or back on Mr Reagan's home turf in

for the Marines' efforts as part of his wider aim of seeking a lebanese and ultimately a ling feeling at the grass roots that on hand control over the operation to Mr Roagan fears that a major Congressional debato on the lended on Monday, many Congress in that is a position that is becoming increasingly difficult to maintain which is the probability of the feeling at the grass roots that the major maintain which is to go along with compromise moves to approve the peacekeeping force, but not under the lerms of the lerms Congressional debato on the issue would "send the wrong sig-

nal" to the Syrians. If the Marines were to leave. the future of the entire multi-national force would obviously be in question—the French, for instance have taken consider-

military forces around the world to be taken seriously—not least

The fact remains, bowever, that U.S. public opinion is highly sensitive to the sight of flag-draped American coffins Politically, Mr Reagan is walking a narrow tizbtrope. He wants to socuro public backing wants to socuro public hacking ended on Monday, many Confor the Marines' efforts as part of his wider aim of socking a messmen detected a fairle and the marines' efforts as part of his wider aim of socking and the marines' efforts as part of his wider aim of socking and the marines' efforts as part of his wider aim of socking and the marines' efforts as part of his wider aim of socking and the marines' efforts as part of the marines' efforts

claim, his Administration has keep been forced into extraordinary sible. verbal contortions. The Marines.

it insists, are not in an area of "hostilities" or "imminent bostilities"—a determination that would trigger time limits and Congressional procedures under the Act. With the number of doad and wounded mounting.

majority for exorting some ber of Congressmen are now Congressional authority over suggesting, approval might be the exercise. Congress has the constitutional right to declare war.

keep his hands as free as pos

For the moment, however, his freedom of action is severely constrained. He cannot without accepting a defeat for his foreign policy and appearing weak and he cannot increase the numbers on the ground dramatically without risking a more serious confrontation with Congress over his war-making autharity.

Support for bis policy would almost certainly be easier to come by if the general American public were clearer ebout what it is that the Marines are majority for exorting some Congressional authority over the exercise. Congress has the constitutional right to declare war.

That is where the 1973 War Powers Resolution (or Act) enters the picture. The Act's explicit intention was to prevent the recurrence of "another Vietnam" by limiting the President's authority to conduct foreign ber of Congressmen are now what it is that the Marines are suggesting, approval might be granted for 18 months, that was usually meant to be doing in granted for 18 months, that the Marines are suggesting, approval might be granted for 18 months, that would take Mr Reagan up to and beyond next year's olechous.

The validity of some sections of the Act has, in any case, being the people of the country, they always say when interviewed on television. But Lehanese politics remains a mystery to most continue to be sucked into what seems like a pointless

# Sri Lanka tourist industry badly hit by ethnic violence

BY MERYYN DE SILVA IN COLOMBO

The island's fastest growing slumped to 30 per cent, estain industry in recent years (9.6 The manager of the "Lanka per cent growth in 1982) tour-oberoi" who also complained of ism is also the fourth higgest exchange earner after tea, repension of charters in July and mittances from expatriate wor-kers—mainly in the Middle

East—and rubher.

Last year, tourist income hotel rates, heavy investment in reached \$150m and provided employment, direct and indirect, for more than 100,000 and Galadari Meridlen) direct, for more than 100,000 and Galadari Meridlen)
people.

After July occupancy dropped so sharply that the managor of had oxpected earnings to

SRI LANKA'S tourist industry the Intercontinental Hotel doshas proved the first major cribed the present situation as casualty of the recent wave of ethnic violence. the industry the Intercontinental Hotel doshas proved the first major cribed the present situation as casualty of the recent wave of ethnic violence. August was the main reason. With the steady depreciation

Sri Lanka's main opposition leader warned yesterday that, unless a solution was found soon to the country's ethnic crisis a "bitter struggio" would follow.

Mr A. Amirthalingham, leader of the predominant Tamil party in Sri Lanka, the Tamil United Liberation Front (TULF), also accused the island's government and

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"peak" in 1984 whon 2,000 dolo taken a small hoating earlier gales attend the Pacific Area this year when the Indian average of 30,000 Travel Agents' conference in Government slashed exchange year. There we Colombo, Tourism had already allowances to Indian tourists 2,000 last month,

heavily on charter groups, have heen worst hit. "Occupancy is almost nil and some botels, already nurt by a new business turnover tax, may go out of business in places like Nogombo and Bentota, two favourite rosorts." Tourist Hotels Associa-

tion official said.

August is one of the best months for the trade. The August Perabera in up-country Kandy, one of Asia's most picturesque pageants, brings an average of 30,000 tourists each There were less than

### SATELLITE BRINGS TV TO THE PEOPLE

# India looks forward to its first televised election

lite launched by the latost American space shuttle and the future of Mrs Indira Gandhi as Prime Minister of India are in-extricably linked in the minds of many political pundits in New Delhi.

The satellite is scheduled to The satellite is scheduled to bring television from the capital and other centres into the homes of 75 per cent of the Indian population by the end of next year. If Mrs Gandhi walts until the end of her current term as Prime Minister, she will fight India's first television general election at the end of 1984.

The personal prestige and near adulation Mrs Gandhi could gain via television from could gain via television from illiterate and politically unsophisticated villagers bas caused scathing comments in New Delhi, where the national television station, the Doordarshan (which means "remote vision"), has already been severely criticised for being inefficient, boring, possibly corrupt and under direct Government influence.

The launch of the satellite follows the development of a new policy on colour television manufacture which envisages up to 2.5m sets being made a year.

For the past few days there has been nervous nail biting at India's space beadquarters outside Bangalore, about the futuro of the satellite, Insat IB whose solar panels failed to align properly last week. A year ago, an earlier satellite, Insat IA failed after six mouths, fast A failed after six months, just hofore the Asian Games were held in India. Alternative satellito facilities had to be bired from the U.S.-based Intelsat organisation and (much more cheaply) from the Soviet Union.

A second disaster would not A second disaster would not only have pot many of the country's communications programmes hohind achedule, but would also bave been a blow to morale. India has developed a high level of space capability and experience for an underdeveloped country. developed country.

The first two Insat satellites, and a third which will follow in 1986 were all ordered from Ford Aerospace of the U.S. some six years ago before that capability was developed. Since then, India bas produced three more basic experimental satel-lites and is now considering building a second generation of Insats itself. Two Insat satel-lite failures would have been a

BY JOHN ELLIOTT IN NEW DELIN

Insat 1B combines three major and one minor roles. It ing " provides links for television, quiet telecommunications and for the forecasting of weather and natnral disasters, as well as im-proving radio links.

At present television reaches between 20 per cent and 30 per cent of the population with poor quality national and local pro-grammes, augmented sometimes by imports including Yes, Minister from the UK and the Lucy Show from the U.S. Tele-vision started in 1959 but was given a very low priority and a second station—in Bombay—was opened only in 1972. Programmes had little appeal and were in black and white,

Now the Government wants to use television to barness the interest and support of as much as possible of the country's 750m population for economic,

U.S. space Shuttle heralds a boom in local

manufacture

industrial and agricultural development, and to unite the country's diverse cultures and religions.

The change came last year when rushed and chaotic plans were put together for colour television broadcasting to be launched for the Asian Games. Eventually some 90,000 colour television sets were assembled from German and South Koroan-mado kits and another 70,000 were imported by "relatives and friends" kiving

Fifty companies have now heon licensed to produce 2.5m colour sets a year, a figure that time. Production plans are already behind schedule but sets should be appearing in shops at broadly European price levels by the end of the

India's traditionally restrictive industrial licensing system bas been relaxed for these pro-ducts. No official foreign col-

COMMUNICATIONS satel- blow, even though both were laborations are being allowed, e launched by the latost made in the U.S. although "intelligent copying" aithough "intelligent copying" and other "reverse engineering techniques are being quietly encouraged Production of black and

white television sets has been expanding at about 25 to 30 per cent annually for some years and is now expected to shoot up hy more than 50 per cent a year. There are about 80 to 100 assemblers plus another 30 component menufac-turers whose technology is foreign-based. Between 700,000 and 800,000 black and white sets are being produced this

nationwide television broadcast channels, one for national and regional networking to enlarge the existing microwave links between cities and to provide direct beaming to community receivers in remote villages and 125 extra low-powered trans-mitters covering areas of up to

12 miles. New Delhi is offering often sceptical regional stations an evening national programme, soon to last from 6 pm to midnight, covering news, economic, grammes ranging from India's pligrimage centres to public sector industries.

There are more than 15 basic languages in India and hun-dreds of dialects, so the national programmes, which will be in Hindi and English, will make maximum use of music and sound rather than speech.

India's tortuous and ineffi-cient internal telephono system cient internal telephono system will also benefit from Insat 1B, which will provide links between 30 satellite earth stations costing \$63m, 60 per cent of which have been imported from the U.S. and Japan. The rest have been made in India.

The stations are in major cities, islands such as the Laccadives and rural communities and there is a special voice.

ties and there is a special voice and computer data service for the Bombay High oll field. They will be more reliable than tole-phone land routes which cannot phone land routes which cannot cross difficult country and aro often disrupted by bad weather. Some 8,000 two-way, long-distance telephono links are planned, to give new services to the outlying areas as well as adding 40 per cent more circuits to the existing over-worked conventional ones worked conventional ones between the four main cities of New Delhi, Calcutta, Bombay and Madras.

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### Australia set to lift wage freeze

AUSTRALIA is expected formally to lift its wage freeze next week, allowing for tha return to fully indexed, centralised wago fixing.

The freeze was introduced late last year by the former Liberal-National Party coalition Government, which lost office to the Australian Labor Party In

In recent hearings before the Arbitration Commission, the Australian Council of Trade
Unions, supported by Mr Bob
Hawke' Government, bas
campaigned for a 4.3 per cent
wage rise, plus full wage indexation tied to increases in
consumer price index.

However, Mr Hewke bas warned that, should lie unions attempt to win further wage increases outsido the arbitration system, the Government would bave no option but to implement tougher monetary and fiscal policies,

# Nigerian court overturns another election result

BY QUENTIN PEEL, AFRICA EDITOR A NIGERIAN court bas over

turned a second controversial election result from last month's polling, with a decision to reverse the victory of the ruling National Party of Nigeria (NPN) candidate for governor in Aparthus 2014 in Anamhra State.

The election petition court decided that the result should bave been awarded to the incumbent, Governor Jim Nwobodo of the Nigerian People's Party (NPP), instead of Chief Christian Onoh of the NPN.

The Anambra result was one of three which were hitterly disputed in the gubernatorial elections in Nigeria's 19 states. one other, in the western state of Ondo, has now been over-turned, while tha NPN victory in neighbouring Oyo state, which resulted in violent rioting, has been upheld.

All the decisions of the election petition courts are subject to further appeals to federal

considered final. However, the decision in Ondo has been greeted with widespread enthusiasm, which will be difficult for any future court to ignore.

The three results were challenged because they were said to bave been falsified hy election officials in favour of the ruling party of President Shebn Shagari. Nearly 50 people died in the rioting which resulted in the noting which resulted in Oyo and Ondo states.

President Shagari made a national broadcast on radio and television at the weekend warning against further incitement to violence, and appealing for reconciliation following the olections.

Postponed elections for national senators, representatives and state assemblymen are due to be held from today in Oyo and Ondo, and stricl security precautions have been taken by the federal government.

17:15

Treeze

Postponed

# Normal borrowing for major debtors 'after 1985'

BY ANATOLE KALETSKY IN WASHINGTON

crisis should prove to bave been a temporary liquidity problem, according to a study by the Institute of International Economics.

| Major banks ar | major ban

Major Third World debtors, says the study, will be able to return to normal capital market borrowing by 1985 or 1986, pro-vided industrialised countries can achleve annual growth rates

of at least 2.5 to 3 per cent. Even under favourable assumptions, bowever, commer-cial banks will have to continue "involuntary lending" to the Third World for several years.

Debtor countries, it adds, may be flustified in imposing sanctions against banks which refuse to increase their exposure as part of a "balanced strategy" for dealing with the debt crisis. The report, a country-bycountry analysis of "internstional debt and the stability
of the world economy," was pub-

iished yesterday. The author, Dr William Cline, The author, Dr William Cline, concludes that the Third suggests in his most controver-world and Eastern Europe will save to be taken to force smaller require about \$75bn (£50bn) a bave to be taken to force smaller year of new financing until banks to participate fully in debt 1986.

reschedulings.

At present there is a tendency for some smaller banks to "try to enjoy a free ride" by remaining out of an extension of new increases in the same of the same to enjoy a free ride of premain-ing out of an extension of new credit while beneating from the maintenance of the security of their own past loans afforded by new contributions from his should be able to borrow in fin-ancial markets by 1985 and Brazil may be able to resume borrowing by 1986.

THE current international debt major banks and public sources,

He suggests the debtor countries a ay bave to add their own "Incentives" to the "moral pressures" currently being applied on amaller banks by large banks and the official agencies, such as central banks and finance ministries in industrialised countries.

In particular the debtor countries "might do well" to announce that the existing debts owed to unco-operative banks will be treated less favourably than the debts of banks which participate fully in reschedulings.

reschedulings.
However, such a step, which has occasionally been mooted in banking circles during the difficult negotiations over rescheduling Brazil's debt, should only be taken after close consulta-tion with the larger banks and regulators in the industrial countries

In its analysis the institute

# Caracas seeks extension of freeze on repayments

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

VENEZUELA'S leading creditor several bundred million dollars banks are to meet in New York in interest arrears by Venetomorrow to discuss conditions for an extension of the country's

Some borrowers.

Some borrowers.

Some borrowers.

The extension is needed because of Venezuela's decision not to adopt an International Monetary Fund austerity programme ahead of its general elections scheduled for early December. This will delay its plauned rescheduling of \$18.4bn (£12.8bn) in foreign debt which was originally supposed to have been in place before the current

repayments freeze expires. Although the 13-bank advisory committee, chaired by Chase Manhattan, has little option but to recommend an extension

present temporary freeze on repayments of principal after it expires on September 30. tough conditions should be imposed to keep up the pressure on Venezuela to reduce the arrears. This could include limiting the extension to a sbort period or increasing the interest margins charged to Venezuela on the extended debt, currently 11 per cent over eurodollar rates or 11 per cent over U.S. prime Others feel a very tough stance could encourage smaller

creditors to break ranks and call Venezuela into default because of the interest arrears, making its debt problems even more complicated. Creditor banks have told

Venezuela that they will not present a rescheduling proposal at tomorrow's meeting, there till the IMF agreement is is likely to be some debate reached but preparatory disover suitable conditions in cussions are continuing meanwiew of the persistence of while.

# Mexico to pay arrears

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO will pay all its \$440m turnaround in the country's (£293m) of private sector in-terest arrears at the end of this

month, a senior Government official said yesterday. The arrears, which were in-curred last year when Mexico's \$83bn debt crisis exploded and repayments were suspended, were going to be refinenced this month in the form of a "roll-up loan." Just under half the total arrears of \$800m bave

so far been paid. The official said the dramatic

current account, with a pro-jected surplus of up to \$4bn for the year, had made it possible to pay all the arrears.

The arrears payment is good news for Mexico's bankers who did not take kindly to the idea of capitalising interest payments. The arrears payment should put Mexico in a stronger position to try to reduce the spreads on its new loans Argentina asks for \$300m debt delay, Page 33

MR FRED C. IKLE, undersecretary in the U.S. Defence Department, bas warned that unless the U.S. achieves a military victory over guerrillas la Central America

The remarks by Mr Ikle, one of the bard-line architects of President Beagan's Central American Policy, reflects the mounting frustration within the Administration at lukewarm Congressional support for its

Mr Ikle sald in a speech to to Baltimore Conneil on Foreign Affairs that negoti-ations alone would not produce a satisfactory resolution of the conflicts in the

He said that unless covert support was maintained to 
"democratic resistance forces 
in Nicaragua" the country 
would be turned into a 
sanctuary from which the nations of Central America could be safely attacked but in which U.S.-backed forces

place troops in neighbouring

Clearly we must prevent America," be said in remarks which were interpreted as calling for Congressional support for increased financial and military support for U.S.

Chile reserves fall

At London's Park Tower, there's simply no such thing. None of our bedrooms are any smaller than any other. And certainly none are bigger - we have the largest in London, all

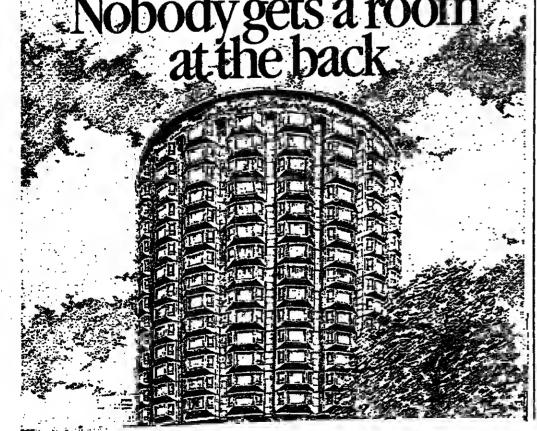
with an exceptionally wide-angled view. Some take in the fashionable bustle of Knightsbridge, others contemplate the peaceful greenery of Hyde Park.

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# Cloud over Candu after series of reactor accidents

Nicholas Hirst reports on a threat to the Canadian nuclear industry

canada's nuclear engineers are boping that s catastrophic failure in a pressure tube in one of the country's highly-regarded showpiece reactors is a freak one-off incident, not a generic design flaw.

Last month the excellent safety and performance record of the Canadlan designed and and built Candu reactor suf-fered a nasty jolt. Separate incldents resulted in three of the five working reactors at the Pickering power atation near Toronto being sbut down.

The coincidence of the three incidents in one week could not have come at a more embarrassing time. The Canadian

barrassing time. The Canadian Government was about to agree the details of a much-needed order for two Candu reactors from Romania, first signed in 1978, but held up because of worries over Romania's debt

The C51bn (£540m) deal is to go ahesd and the Romanians are talking of cadering a total of 10 Candu reactors. But the or to Canada reactors. But the initial deal, which gives the Romanians the right to negotiate barter arrangements with 50 Canadian components suppliers, has been strongly criticised on economic grounds, and there are fears that, the Romanian deal will make a loss

ing a reactor for Argentina, completed this year. The Romanian orders apart,

with no new domestic or foreign deala agreed for the past five years, the Government-owned Atomic Energy of Canada Limited (AECL), which designed the Canada, and the Canada in the Canada industry. Canadian nuclear industry, employing around 30,000 people is relying on the 11 reactors under construction for Ontario Hydro, the largest Canadian provincial electricity authority. to keep it in work until a pick-up in international noclear sales occurs towards the end of the

But even if a pick-up occurs, the worldwide overcapacity in the worldwide overcapacity in nuclear power station building and strong competition from the French and American pressure water reactor systems, the damage to the Candu's reputation from the recent incidents can only put the prospect of further overseas sales and the future of the Canadian industry in doubt. industry in doubt.

The more serious accident was the first to occur on August year, and the fuel in that tube 1. It was the first loss of coolant was transferred to the damaged

accident (LOCA) in a Candu reactor. The LOCA in the Pickering Unit 2 reactor fuel and gouged the crack, they resulted from a crack in one of the reactor's pressure tubes.

These tubes are 20 ft long and 4 may have been a unique event and there are 200. in in diameter and there are 390 of them in each reactor. Cameras have shown that the crack measures 76 inches along

most important safety features was that the cressure tubes, containing the uranium oxide fuel bundles and a flow of heavy water as coolant would always leak before they could suffer feeling is that the accident will a catastrophic break. Such a not prejudice the design, that leak, it was argued, could be detected in good time to avoid a course."

of the reactor 12 years ago.

Problems were discovered in an adjacent pressure tube last

may have been a unique event and not a design flaw. A design flaw could involve replacing all 390 tubes in Units 1 and 2 at a total cost of C\$350m.

Caoti's designers have claimed that one of the system's that the accident attack. that the accident, atrictly speak-ing, was not a LOCA. But if it is a generic problem, it is a significant worry in any tech-nology, and we are no differ-ent." be said. "The general feeling is that the accident will not prejudice the design, that

Since the tube rupture in August the Candu system bas serious rupture.

Cameras have shown two August the Candu system bas broken-off fuel rods lodged in suffered more embarrassing inthe crack in the damaged pressure tube. Officials are speculating that a tungsten welding electrode may have broken off doring construction of the reactor 12 years ago.

Douglas Point, the first commercial problems were discovered in circleized Candu system to be suffered more embarrassing in circleized on September 5, 2,700 pressure to the color of radioactive heavy water spilled into Lake Huron from a cooling mechanism at the 16-pour water of the reactor at Douglas Point, the first commercial problems were discovered in circleized Candu system to be a circleized to the cooling mechanism at the 16-pour water of the 16-pour water of the 16-pour water of the

per cent of the allowable

cial-sized Candu system to be built in Canada. The radiation released was equivalent to 7 per

monthly radiation releases.

Two days earlier 1,800 litres of irradiated heavy water spilled into Lake Ontario from a fuelling macbine at the unit 5 reactor at Pickering, the most recent Candu reactor to go into service. This leak released 0.04

monthly spill. A spokesman for Ontario Hydro said that the leaks were the largest ever recorded but there was no danger to public health from either spill.

So far, reaction from Canada's

customers bas indicated they are not unduly worried. The Romaoians have sald they are still impressed with the overall performance of the Candu and pany which also operates a sion programme." Ontario Candu reactor, bas said it is Hydro has reaffirmed its connot concerned by the accident fidence in the reactor, saying and still believes the Candu to that be the safest nuclear system risk.

Despite the Candu's performance record and safety features, overseas sales have been poor bowever. Landus have been sold to Pakistan, India, Argentina, South Korea and now Romania but orders and potential orders are running way behiod the one overseas sale a year that a federal Government study last year sald the Canadian industry needed to stay in dian industry needed to stay in

Now that doubts have been raised over the "leak before break" design feature, poten-tial customers could be more wary of oping for Candu.

Opposition leaders in the Ontario legislature have called for a public inquiry into the accidents. The Liberal leader. Mr David Peterson said it "challenged the wisdom of Ontario Hydro's massive expan-sion programme." Ontario that public safety was never at

Officials of Atomic Energy of Canada have pointed out that even if the Unit 2 reactor is out of service for a year, in terms of lifetime performance it would still rank in the top 20 in the

# Warning on troops in

C. America

it could be forced to station troops in the region "as in Korea and West Germany."

could not operate.
"Such a situation could nitimately force the U.S. to countries, as in Korea and West Germany," he warned.

involvement in El Salvador, Nicaragua and Honduras.

Chile's foreign which had been edging np after plummeting by nearly \$1hn (£667m) in the first few months of this year, last month fell again from \$1.59bn to \$1.57bn, Mary Speener reports

# Fears of U.S. budget deficit clash

study of the U.S. fiscal deficit fiscal 1983. published in the summer quarterly review of the Federal Reserve Bank of New York.
The analysis puts the size of

the U.S. budget deficit into clear perspective, identifies the reasons for its rise and finds

private demands on the U.S. fiscal territory."

credit markets clearly support By 1985 government revenues

market fears of a clash between are expected to be 18.7 per cent U.S. monetary and fiscal policies of CNP and outlays 24.6 per cent. So the deficit, three years tionary monetary policy if such a clash is to be avoided.

This is the conclusion of a compared with 6.5 per cent in

At such a level the deficit will be well in excess of the 1970-1980 average for Japan (2.17 per cent), West Germany (1.85 per cent), the UK (2.37 per cent), France (0.17 per cent), and the U.S. (0.88 per

that even on the assumption of cent).
rapid economic growth the U.S. "More important," says the

PROJECTED U.S. deficits and is heading into "uncharted study," the projections of general government deficits as a percentage of net savings, 50 to 60 per cent for the U.S. in 1984 and 1985, is about double the highest figure for Japan during the decade and is above the bighest figure for any of the other four countries, except the UK during the 1975 recession," In fiscal 1983 the U.S. gen-

eral government deficit is estimated at 70-80 per cent of net private savings. The study finds that even if the U.S. economy grew at the record rate of 1962-66 the de-ficit would still be \$150bn in

yesterday.

# Nicaragua protests to UN over rebel attacks

BY OUR FOREIGN STAFF

NICARAGUA has complained to Costa Rica that his forces will the UN Security Council about the growing number of attacks by U.S.-backed rebels. The com-plaint follows increased activity. including the first air raids, by the anti Sandanista guerrilla organisation ARDE (Revolu-tionary Democratic Alliance) led by former Sandinista leader, Sr Eden Pasiora.

The UN Security Council was due to bear Nicaragua's com-plaint in formal session late

Sr Pastora for his part has reilerated from his base in

carry out more and bigger bombing raids. He was quoted as saying: "Today there are three or four planes and tomorrow there will

be cight or 12 Over the weekend Nicara-guan forces shot down a light Cessna aircraft close to the Costa Rican frontier. The plane. carrying arms, ammunition and food supplies, was attempting to resupply ARDE units fighting in the south of the country This was the third such aircraft



Osprey Electronics Ltd, Wick, Cuithness.

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# Britain in attempt to revive Latin American trade

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

THE BRITISH Covernment is also has a growing imbalance trying to revive a flagging UK with Brazil, its largest trading export trade with Latin partner in the region. Last America in spite of payments year, there was e deficit of problems in many of the countries of the countries of the countries of the countries of the countries.

Mr Paul Channon, the Trade
Minister, will open the conference during a two-week visit to
Colombia, Venezuela and
Trinidad starting next Wednesday.

Britain'a share of the Latin
American market has dropped from nearly 6 per cent in 1980 to little more than 2 per cent.
Import restrictions and the recession caused a drop in UK trade with the continent of 44 per cent in the first seven months of this year. Britain the first seven months of this year. Britain the commanies are well represented there.

opereting in Indonesia.

# Tax treaty talks planned

Indonesie are due to take plece next week over the donble taxation treaty between the two countries, which the Jakarte advised that the action could

Government wants to re-negotiate, Chris Sberwell reports
from Jakarta.

The Government unexpectedly gave six months notice of
termination of the agreement
at the end of June, a move

That the action could
mean that no treaty whatsoever
would be in place at the beginning of 1984. The Jakarta
Government subsequently indicated it wanted only to re-negotiate the treaty, which has
a the end of June, a move

A three-day conference of commercial officers from Britain's South American diplomatic posts is being convened in Caracas, Venezuela, at the end of the month to launch the export drive.

Trade

BY KEN GOODING IN FRANKFURT

box with no loss of perform-

and Saab enjoying record profit levels and surging foreign sales, particularly in the U.S. The value of Swedish car exports in the first six months of the year jumped by 56 per cent to SKr 6.9bn (£58m) and

the success of the Swedish car producers in foreign markets is an important factor behind the sharp improvement in the

Volvo, the leading Swedish car producer, which recently reported profits for the first balf of the year which were higher than for the whole of 1982, owes much of its current success to income distribute.

success to its car division. Cer sales in the first half of 1983 jumped by 51 per cent to SKr 13.5bn with the sales volume rising by 13.6 per cent to 183 000

trade halance this

Transmission, suitable for cars with engines of up to 1.6 litres, has heen developed jointly by Ford and Van Doorne Transmissions, in which the Dutch Government has a majority shareholding

pany which can launch an auto-matic comparable with a five mate comparative with a five speed manual gearhox will get major incremental aales" said Mr John Oldfield, director of product development for Ford

The TeleVideo Personal

Computer. Not the first.

Just one of the best.

Kevin Done in Stockholm looks at why Volvo and Saab are enjoying record profits

to 183,000.

In the U.S., which is Volvo's
In the first eight months of substantially by the strength of ket is depressed this year with further."

Reflecting the declining level year we will have sold every of real disposable incomes in single car we have made as well sweden, the domestic car mariantees as also reducing stocks even ket is depressed this year with

diesel engines from Volkswagen in West Germany, automatic gearboxes from both West Germany and the UK and its six-cylioder engines from a joint venture. Swedish car makers, has increased output levels several times over the last 12 months

Germany and the UK and its sixcylioder engines from a joint
venture with Renault and
Peugeot in France.

Overall Swedish car productlon has risen by 19 per cent in
the first half of the year to
176,400 from 148,700 the year
earlier. Last year car output
totalled 296,790 and the industry
is well on its way this year to
matching the record production
level of 342,000 achieved in
1973.

Reflecting the declining level
of real disposable incomes in

THE SWEDISH car industry is booming with both Volvo and Saab enjoying record profit levels and surging foreign sales, particularly in the U.S. The value of Swedish car exports in the first six months of the year increased by 13.7 per the dollar and by last yeer's sales volume down by 3 per cent to 130,039 in the first eight months.

The value of Swedish car exports in the first six months of the year jumped by 56 per cent of the 1984s to arrive."

All the way through the deep of the dollar and by last yeer's sales volume down by 3 per cent to 130,039 in the first eight months.

Volvo and Saab have succeeded in winning back market of the year rose by 13 per cent exports in the first six months of the year jumped by 56 per cent of the market compared with 87,000 in 1980.

Sales volume down by 3 per cent to 130,039 in the first eight months.

Volvo and Saab have succeeded in winning back market of the year rose by 13 per cent of the year rose by 13 per cent to Skeden however.

All the way through the deep of the leadership from the West of the year importers, teking 36.2 by 50 per cent to 18000.

some market share in order to direct more cars to export markets, and domestic new registrations were down there-fore by nearly 5 per cent in the first eight months.

The sales pace in the U.S. will alacken during the autumn, as Saab dealers are unable to get increased supplies from Sweden, where Saab'a car plants are already working at full capacity. "We have already disposed of our stock reserves this year," said Mr Robert Sinclair, president of Sanb-Scania of America, "and atoeks, held by us and dealers are at rock bottom."

Soaring exports bring boom for Swedish car makers this year by around 30 per cent to 24,000-25,000. Demand out-side the Nordic region is particularly strong for its most

(hatc

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Marine C

profitable top of the range turbo model. The success of their car operations abroad has more than compensated the Swedish automobile makers for the decline in sales of commercial

vehicles. The truck divisions of both Saeb-Scanie and Volvo have reported falling profitability and demand this yeer and Swedish truck production has dropped by 11 per cent to 23,300 during the first half of 1983, and certain important oversesa markets

have virtually collapsed. In both Western Europe and the U.S., Swedish truck makers have been hit by flerce price competition as manufacturers have fought to maintain their shares of declining merkets.

# Ford to start automatic transmission production soon

majority sharebolding.
Currently only about 5 per

FORD of Europe is close to cent of small cars in Europe starting full-scale production of an automatic transmission for smell cars which in trials has proved to be more economic than a five-speed manual gear-loop for the provided in the concept and the production between the concept and the production between the concept and the con formance and economy.
"We believe that the com-

All the way through the deep recession in the U.S. car market, Volvo has been steadily increasing sales to a record level last year of 71.568. It is the second largest European car exporter to the U.S. after Volkswagen/Audi of West Germany and is well ehead of its West German rivals Daimler-Benz and BMW.

Mr. Lundberg sald: "This

Benz and BMW.

Mr Lundberg sald: "This year we plan to aell about 82,000 cars in the U.S., that is all we can get from Sweden. The cars are aelling themselves, so we don't need to spend a state of the sald was a state of the sald was a state of the sald was a sald

so we don't need to spend a whole lot of money on advertis-

transmissions have brought e 10 per cent loss in both performance and economy.

"We believe that the company which can launch an automatic comparable with a five speed manual gearhox will get major incremental aales" said Mr John Oldfield, director of product development for Ford of Europe.

At the Frankfurt Motor Show,

# BMW changes terms of diesel engine deal

BY OUR MOTOR INDUSTRY CORRESPONDENT IN FRANKFURT

BMW, the West German group, "We are not happy about the hes changed the terms of its timing of the introduction of deal to supply Ford with high the new diesels to the U.S. But performance diesel engines following the collapse of the diesel shows demand for diesel cars

lowing the collapse of the diesel market in the U.S.

Originally Ford wanted 190,000 diesels from BMW'a new plant in Austria delivered over three years. Now it has been agreed Ford will still buy all company's car ontput this year will 190,000 engines but only 71,000 in the first three years.

Ford takes delivery of the diesel this month. And BMW will launch its own cars with the Austrian diesel in the

we bave good research that shows demand for diesel cars there will recover to 8 to 10

the Austrian diesel in the States next May.

Mr Hans-Erdmann Schoenbeck, BMW'a sales and marketing director, said yesterday:

Mr Hans-Erdmann Schoenbeck, BMW'a sales and marketing director, said yesterday:

Mr Hans-Erdmann diesel in the was doing well. Sales in Japan has fumped from 2,000 to 5,000 cars last year and BMW would sell 10,000 a year in the foreseable future.

# Dutch natural gas exports fall again

THE VALUE of Dutch natural first six months of this year, but there are signs of a levelling off. Between January and the end of June, gas worth Fl 3.57bn (£1.9bn) was sold to foreign customers—mostly in Western Europe — compared with Fl 8.77bn in the first half of

policy is possible."

Conservation measures and falling exports have served to keep more gas in the ground than had been expected in the 1970s, and European governments have already been made aware that if they wish to increase purchases in the future, arrangements can be made.

During the first six months of

1982.

Last year, gas exports fell in volume terms by 30 per cent, causing the revenue-hungry Dutch Government to encourage a renewed sales drive. Since then, Gasunie, the Netherlands gas corporation, has concluded that "without endangering the security of long-term supplies, some easing of the natural gas corporation of this total arising from re-exports and trading on the Rotterdam spot market.

# **Du Pont set to increase** synthetic rubber capacity

DU PONT, the largest U.S. FI 400m (£88m) five-year prochemical company, yesterday gramme which is intended to said it will double its worldwide capacity for fluoroelastomers with the construction of a integrated fluoride-based prochemical company at its Description of a integrated fluoride-based prochemical company at the prochemical company at the prochemical company at the construction of a integrated fluoride-based prochemical company. new plant at lts Dordrecht site in the Netherlands. Fluoroelastomers, a synthetic

rubber, has e world-wide market of around \$100m (£66m). It is used to extend the service life

of industrial equipment.

The new plant is expected to have an initial annual capacity of more than 2,000 tonnes when oroduction starts in 1986. Du Pont claims to be the world leader in supplying fluorine-based products. Its brand of fluoroelastomers, Vlton, is esti-mated to account for around

make the Dordrecht site one of the largest and most fully-integrated fluoride-based pro-ducts manufacturing facilities in the world. The programme included the expansion of faci-lities for producing Du Pont'a Tefion fluorocarbon copolymers, which are used to coat domestic and industrial materials.

Du Pont yesterday refused to disclose the cost of building the new plant but said that the workforce at Dordrecht would be around 1,500 following its completion.

Currently, Du Pont only makes Viton fluoroelastomers at mated to account for around half the world-wide market for the product.

Yesterday'a announcement marks the final phase of e works in New Jersey in the lits works in the

# Ghent coal terminal opens

A NEW TERMINAL which will covers about 13.5 hectares. initially permit coal imports to Although only small compared initially permit coal imports to Europe to rise by 2.5m tonnes a year was opened yesterday at Ghent in Belgium, by Burnett and Hallamshire, Britain'a lergest open cast coal mining contractor with mining interests

with the major coal ports at
Amsterdam, Rotterdam and
Antwerp, Chent is a significant
addition to Western Europe's
coal handling capacity, Chent
can also be used for direct round the world.

Built at a cost of £12m, it tonnes a year.

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# Thatcher urged to press U.S. on tax ruling

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

BRITISH companies yesterday urged the Government to make immediate representations in Washington about their U.S. state tax lia-

They are afraid that President Reagan is on the brink of a decision that would dash their hopes of out-lawing the controversial unitary taxation system now operated by 12

states.
On Tuesday night Mr Reagan asked his Cabinet Council to do further work on the issue, White House sources confirmed yester-

The council bad reportedly been unanimous in recommending that the President should support legislation to curb the tax and also back an attempt to have the U.S. Supreme Court rehear an important

test case on the system.

An unconfirmed report received in London said Mr Reagan decided not to file an amicus curiae brief to help Container Corporation bave its unsuccessful case against California - a leading "unitary" state -

Mr lan Greet, spokesman for the Unitary Tax Campaign, a British pressure group, said last night: "We are very very depressed that the President bas not accepted these recommendations. A final verdict could come within 48 hours, be

If Mr Reagan refused to challenge the states over the tax, there could be fresh moves to retaliate against U.S. companies operating in

Britain, he said.



Mrs Margaret Thatcher

Grylls, chairman of the Conservative Party trade and industry committee, to block credits due under Britain's advance corporation tax.

The principal issue is whether states will continue to be able to assess multinationals' worldwide profits when assessing tax payable by local operations.

UK companies believe the Cabinet Council's study group recom-mended that both U.S. and foreign-owned multinationals should be obliged to report only profits made in the U.S. - the so-called "water's

The difference between unitary taxation and the conventional arms-length assessment method The Unitary Tax Campaign was can be counted in bundreds of mil-behind a clause framed for the Fi-ions of dollars a year, according to ions of dollars a year, according to

# Howden affair inquiry

widened

INVESTIGATORS in the Lloyd's of London insurance market probing the affairs of Alexander Howden Group, the troubled insurance bro-ker, bave widened their investigations to study payments made to a former Howden underwriting executive, as reported in some edi-

ions yesterday.
Mr Peter Millett, QC and Mr Nigel Holland an accountant dealing with the Howden investigation for Lloyd's, bave been examining payments allegedly made in the form of commissions out of Howden through reinsurance rontracts to a Swiss bank account of the under writing executive.

Alexander Howden Group is under investigation by the Department of Trade and Industry, assisted by the City of London Police Fraud Squad, after allegations by Howden's American owners, Alexander & Alexander Services, that \$55m had been misappropriated from the group by former Howden

Alexander & Alexander made its allegations against five former Howden executives: Mr Kenneth Grob, the former chairman, Mr Allan Page, Mr Jack Carpeoter, Mr Ronald Comery and Mr fan Pos-gate, the former star underwriter. But now Mr Holland and Mr Millett are studying the way other pay-ments were made to another former Howden underwriting execu-

 The Inland Revenue has called for all Lloyd's managing agents, who look after the affairs of Lloyd's underwriting members, to submit details of all funds deposited offshore as "roll-over funds" for tax purposes or as provisions for catasRECORD AUGUST FOR BUILDING SOCIETIES

# Lenders expect shorter queues for home loans

LAST MONTH was the best August on record for attracting investor funds, according to figures pub-lished yesterday by the Building Societies Association. Net receipts Societies Association. New receipts totalled C525m rompared with £437m a year previously, and was the second highest monthly inflow

Mr Richard Weir, secretary-general of the association, said that there was now a real prospect that mortgage queues would be "signifi-cantly reduced during the next few Meanwhile, Mr Clive Thornton,

chief general manager of the Abbey National Building Society, said yesterday that his society would not be charging higher mortgage rates as a result of its decision to withdraw from the interest rate cartel. He al-so forecast that mortgage rates in general were likely to drop by up to 1% per cent before the spring.
Other societies had predicted that

Other societies had predicted that the Abbey would be forced to charge more for its mortgages once it broke away from the cartel because it would be paying more for its funds. But Mr Thornton emphatiant of the movement cheaper. It is funded with the said that tales should be governed by the needs of borrowers to buy the needs of borro ically denied that this would be the

rubbish

scheme

on trial

ed for commercial production, The process, patented by Greater Manchester Council, will undergo

commercial feasibility tests by Sim-

Chem, a Stockport based subsidiary

of Simon Engineering. The results are expected in about 18 months.

The Manchester authorities have

committed £750,000 to the process,

which has been tested by scientists

at the University of Manchester's Institute of Science and Technology and by the Salford University In-

Worldwide interest has been shown in the scheme and Sim-

Chem was selected from more than

20 companies, including several

based in the U.S. and Europe, who

which has to be separated from non-organic waste such as metals

and glass. It can then be converted

into oil with the belp of a solvent and nickel catalyst. The advantage

of the GMC's process is that no oth-

BRITAIN has agreed a joint con-

tingency plan with Norway to com-bat oil spills in the North Sea. ft

would be brought into operation in the event of spillage 50 miles either side of the median line dividing the

■ MR NEIL KINNOCK, leading

candidate in Labour's leadership

election, urged the Government last

night to set up an independent in

quiry into the best use of Britain's

remaining North Sea oil resources. Mrs Thatcher's policy of squander-ing oil resources bad brought Brit-

ain to the brink of a new economic

· HARLEY DAVIDSON, the U.S.

motorcycle maker, bas beld explor-

atory talks in the UK on the possibility of reopening the failed co-op-erative venture which manufac-

ley Davidson is at present talking to

Japanese manufacturers about loan

disaster, be claimed.

countries' continental shelves.

approached the Council

er feed material is needed.

dustry Centre.

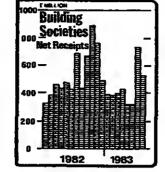
bey's investment product range. Although some of the society's existing schemes would pay a higher interest as a result, the claimed that the overall cost of funds would not be increased. Therefore there would be no need to pass on extra costs to home buyers.

Mr Thoroton's optimism on the Mir Thoroton's opinius on the general mortgage front is not shared by the Building Societies Association (BSA) which said yes-terday that it did not envisage an early reduction in the mortgage rate. The BSA pointed out that it would need more than the predicted % per cent drop in base rates for s to be possible.

lived its usefulness." Investment the level of mortgage rates.

rates, he said, should be "free to Mr Thornton predicted that when move with market rates" which, in Abbey's three months' notice to his view, would make the cost of withdraw was up, the other four

ase. although market forces would inevitruly over. Investment rates will The main effect of breaking tably influence the rate paid for move with market rates and even-



rate structure Mr Thoroton said that Abbey had Non etheless, he believed there no intention of returning to the in-terest rate cartel which had "out-tween the main societies to contain

the level of mortgage rates. Mr Thornton predicted that when

not necessarily be market related, the days of the cartel are well and ranks with other societies, he said, home loans. Abbey would not un tually mortgage rates will be higher would be a simplification of the Abdertake to comply with any recommendation.

# Bank of England's intervention helped save asbestos group

BY CARLA RAPOPORT

INTERVENTION by the Bank of England belped prevent the col-lapse of Turner & Newall, the asbestos-based products group with annual sales of more than £600m. It is understood that the group's

16 bankers became concerned about the high level of borrowings last October after unproductive talks with the group's management. The bankers then approached the Bank of England for help. Lord Benson, then adviser to the Bank's governors on industrial mallers, suggested both a new chairman and an aggressive borrowing reduction programme for the rompany.

Lord Benson recommended Sir rancis Tombs, then chairman of the Weir Group, for the top job at Turner & Newall. Sir Francis joined the Manchester-based rompany last November. In February of this year, the group's banks, led by National Westminster, reached eagreements on terms which guaranteed their support during a two-year proramme of reconstruction.

Turner & Newall will report inerim figures for 1983 tomorrow. Last year it reported a loss of £19.3m at the pre-tax level, and an attributable loss of £71.8m. The Bank of England also pro

vided assistance to both the Weir IGroup and Stone-Platt, the textile

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Sir Francis Tombs: invited lo head the company

machinery and engineering group which went into receivership in March, 1982. The Bank yesterday stressed that this type of assistance never involved funds of its own.

"We carry on a continuing monitoring exercise of the industrial sector," a Bank spokesman said yester-day, "Sometimes we approach a company's principal banker; some times they approach us. What the Bank can do will vary enormously from company to company.

Turner & Newall avoids collapse,

# Fuel price war breaks out as **UK** demand for oil slumps

BY RAY DAFTER, ENERGY EDITOR

DEMAND FOR oil products in the UK has fallen to the lowest level since 1965 and fierce pricing competition has broken out in the induswhere oil companies are fighting to maintain their market shares.

The Institute of Petroleum reported yesterday that demand for refined products in the first balf of this year totalled 32.6m tonnes; 5.4 per cent down on the level to the corresponding period last year and 40 per cent below the peak of 1973.

The oil industry was particularly bit by the depressed demand for heavy fuel oil and gas oil used pre-dominantly by industry and comic recession, conservation measures, a mild winter and a switch by offered by oil companies. some fuel users to coal and natural gas are seen as the main reasons

for reduced oil consumption in

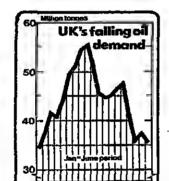
mercik

THE PARTY

reached its highest January-June total of 9.5m tonnes; an increase of trial and commercial fuel sectors 2.8 per cent on the same period last year. Naphtha, used largely in the chemical industry, was also in more demand; deliveries in the first six months totalled just over 2m tonnes - up 13.6 per cent on the 1982 January-June period.

On the other band, the institute

pointed out that demand for petrol



against the 24p - 20p schedule prices being quoted by refiners. As a result of this discounting, the consultants, consider that many companies are now paying less against the 24p - 20p schedule prices being quoted by refiners. As a result of this discounting, the prices being paid for gas oil are little different from those of August/September last year and 1981.

### Oil from SOCIAL DEMOCRATIC PARTY CONFERENCE

# Unions 'prepared to consider reforms'

BY IVOR OWEN

THE SOCIAL Democratic Party (SDP) is claiming success in per-A METHOD OF converting urban suading trade union leaders to consider the party's proposals for re-forming labour legislation.

Mrs Shirley Williams, the party's president, told the SDP conference refuse into oil bas been proved chemically feasible and is to be test-

vesterday at Salford, Lancashire, that a positive response had been received from 15 trade unions, It was welcomed by delegates as a significant achievement. She did not name the unions but they are understood to include the engineer ing workers, civil servents and local government workers.

She said that these unions were

not about to break their links with thie Labour Party but had indicated their willingness to put to their re-spective executives the SDP's pro-posats for modernising and strenthening trade union practices.

Mrs Williams welcomed the

events at Blackpool last week when a majority of moderate union leaders were elected to the TUC General Council.

about 50 per cent organic material our country was that a very size-able and growing number of trade unionists started to respond to the wisbes of their members. They are

great majority of trade union mem- tion of flexible work patterns which bers had "rumbled" Labour. They would enable an Alliance govern-voted SDP, Liberal or even Coo ment to guarantee a core of paid servative.

unions who needed to loosen their work. bnks with a single political party.

aged by Dr David Owen, the party services, as examples.

The recabling of Britain could be undertaken at the same time as the

speech 24 bours earlier.



discuss an incomes policy which bargaining muscle was not used in She declared: The historic turning potot in the political structure of

shaking off the boods that bind policy if what one means by that is them exclusively to the Labour Parthat the dividends of restraint go

Mrs Williams claimed that the She also advocated the introducemployment for every man and She said it was not only the trade woman in Britain who wanted to

They would be given the opportu-Many Social Democrats were in-nity to undertake paid employment volved in every level of industry, for 15 to 20 hours a week and be ensome holding senior posts, and she titled to unemployment benefit to looked to the CBf to find ways of supplement their part-time earn-

looked to the CBI to nno ways talking to other parties in the politings.

Mrs Williams suggested that cal spectrum. Mrs Williams suggested that
Mrs Williams said there was a there was great scope for creating need to develop an incomes policy the new jobs needed to implement with wider implications for the private sector than seemed to be envisor for oads, sewers and other essential

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### Demand for gas oil, together with diesel oil used in stationary engines, fell to less than 5.6m tonnes in the first six months of this year, 6.1 per cent down on the Januarydominantly by industry and commercial undertakings. The economic resulted in a scramble for sales re-

resulted in a scramble for sales re-flected in price discounts now being against the 24p - 26p schedule

Jun-June period 3985 70 75 90 83

# Thatcher to inaugurate Europe's northernmost offshore oilfield

the Prime Minister, will this morn-ing innugurate British Petroleum's El.3bn Magnus field in the North Sea, the most northerly and deepest-water oilfield in Europe. At a ceremony at BP's London headquarters she will activate a ra-

dio signal which will unveil a plaque aboard the Magnus field platform, 125 miles north-east of It will coincide with two other ceremonies - on the platform itself and at BP Petroteum Development near Aberdeen. The ceremooies will be linked by television, trans-

Development of the Magnus field is likely to prove a watershed in the exploitation of Britain's North Sea oilfields. Its recoverable reserves are put at 565m barrels, up to ten times larger than future commercial fields on the UK Continental

began producing 15,000 barrels a day on August 14, and is due to

MRS MARGARET THATCHER, mitted live by satellite and pro- Ninian field to the Sbetland termijected on to large, elevated screens nal at Sullom Voe.
nt the two locations. The Magnus platform, which

> Magnus, which was discovered in 1974 and lies in 613 feet of water, reach 120,000 b/d and 9,000 b/d of field.

gas liquids. The oil is piped via the

weighs 70,000 tonnes, is said to in-

corporate the largest single-piece steel structure ever built. Mrs Thatcher's presence at BP comes at a delicate time in the relations between the company and the Government. The Government is to raise revenue by selling £500m worth of the company's sbares,

while BP plans to raise about

£250m by selling 12.5 per cent of its heavily taxed stake in the Forties Survey, Pages 13-16.

# Merrill offers £300,000 for **UK** analysts

By Our City Correspondent

MERRILL LYNCH, the U.S. investment house, is offering up to \$2300,000 in its efforts to recruit top analysts in London stockbroking firms to its international research

The move is designed to restore the international research depart-ment in London and New York to its former staff establishment levels after staff departures. In New York, five out of seven of the learn have left recently, while in London two of a four man team have left.

Analysts in stockbroking firms Capel Cure Myers and Scrimgeour Kemp-Gee and James Capel are understood to have been approached. So far no one has been appointed although discussions are taking place with a number of possible

lusiders at Merrill Lynch dis-counted suggestions in London that the recruitment drive hud anything to do with a major thrust by the group into buying large stakes in UK stockbroking firms.

# **Royal Worcester shuns** £19.8m takeover bid

BY CHARLES BATCHELOR

ROYAL WORCESTER, the Spode fine china manufacturer, yester-day rejected a £19.8m all-share bid from Crystalate, a manufacturer of electronics components. The bid, aimed mainly at Roya) Worcester's large Welwyn Electronics subsidiary, could lead to its ceramics businesses

being sold off or floated on the stock exchange or on the Unlist-ed Securities Market (USM). Royal Worcester is expected to concentrate its defence on the fact that Crystalate's share offer is not underwritten and is not backed by a cash alternative. Royal Worcester's shares rose 40p yesterday to a new 1983 high of 315p, valuing the company at £21.3m, compared with the 292p per share value of the bid. Crys-talian fell at a 152p for a maken is not underwritten and is not

talate fell 4p to 162p, for a market value of £24.5m. Welwyn accounted for 44 per cent of Royal Worcester's £2.3m operating profit in the year to January, and for the same percentage of its £49.6m turnover. The most recent ligures for Royal Worcester showed that it

made a pre-tax profit of £404,000 in the six months to July on turnover of £25.5m.

Crystalate made pre-tax profits of £1.4m in the six months to March on turnover of £11.5m. Royal Worcester employs about 3,500 people, compared with 1,200 at Crystalate.

Mr John Leworthy, chairman of Crystalate, said: "The bid is a big chunk for us, but you have to look at Worcester as two parts. If Welwyn were for sale I think the logic of the merger would be more readily apparent in size terms. It is logged a bit by the china situation."

He said there were four options for the ceramics interests -sell them, possibly to a competi-tor, retain them, float them on the USM or the stock market or arrange a management buy-out.

Crystalate is offering 19 of its own new shares and £16 worth of 84 per cent convertible unse-cured loan stock 2003 at par for every 16 Royal Worcester nrdi-

### guarantees to tielp the company bring forward a new range of prod-Labour, says Shore DELAYS are feared in the completion of a second and final report for the Department of Trade and In-

dustry on investor protection.

Drafting of a key passage on the
regulation of life insurance companies and the intermediaries which sell their products bas run into difficulties with the European Commu-nity. It is understood that an original draft has been judged to be illegal in terms of EEC legislation.

 LONDON INSURANCE brokers Stewart Wrightson (Aviation) paid \$26.8m to Korean Airlines yesterday for the loss of the jumbo jet sbot down by the Soviet Union two weeks ago. The payment was made against the airline's war risk insurance and represents 76.64 per cent of the risk which was insured by Stewart Wrightson with underwrit-

• THE NEWSPAPER SOCIETY the publishers' association for pro vincial newspapers, has decided "to study specific ways in which the qualities of the traditionally paidfor press can be enhanced through rombined promotion with free newspapers." There are now about 550 free newspapers and 246 are published by members of the Soci-

# She believed that responsible work needed to complete the electrade union leaders would want to trification of the railway system. SDP likely to eclipse

BY KEVIN BROWN

MR PETER SHORE, Shadow Chancellor of the Exchequer and candi-date in the Labour Party teadership election, gave a clear warning yes-terday that be believes Labour is in danger of being eclipsed as the main opposition party by the SDP. In a gloomy speech to party workers in Dudley, Mr Shore warned

that Labour would be finished unless squabbling in the party was He pinned the blame for Labour's disarray firmly on the "Maoist Red Book excesses" of the "cultural revolution" of 1979 to 1981, when the

party constitution. Mr Shore's speech was largely a response to the exposition of the meaning of social democracy by Dr David Owen, SDP leader, at that party's cooference in Salford.

Labour's

His warning of impending doom and uncompromising attacks on the Left will increase his reputation for straight talking. But they are unlikely to resuscitate bis flagging leadership campaign, in which he trails well behind Mr Neil Kinnock and Mr Roy Hattersley.

Mr Shore said Labour must cate gorically reject "the defeatist Marx-ist/Leninist doctrines and their admand socialism is morally superior to our own democracy, or that ron flict and violence, not persuasion and reason, offer the only path to Left secured major changes in the

He urged the party to face and overcome the obstacles to power "not only in bostile institutions at bome and abroad, but in our own

Labour's traditional message Mr Sbore said Labour could no would win back the 3.5m voters who longer bave any illusions about Dr turned to the SDP in the general Owen's strategy, which was to maintain the SDP's independence in the hope that it would attract an highly vocal minorities whom we other substantial defection of La-bour MPs. have, to our great loss, recruited,"

# **Decision soon on** 'short and broad' warships design

سينيان الراج عادية تعاك كيسكة اللا

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT is expected to decide within the next few weeks whether to finance further development of a controversial new war-

ship design. The design, known as the S90, is for a warship which would be short and broad, compared to the long, slim lines of traditional warships. It has been proposed by private ship designers, Thorneycroft Giles and Associates, as an alternative to the

Type 23 frigate. Mr Geoffrey Pattie, Minister of State in charge of Defence Procurement, and Admiral Sir Lindsay Bry-son, Controller of the Navy, watched a demonstration of a scale model of the S90 hull design in Portsmouth harbour on Monday. during the Royal Navy Equipment

The immediate future of the S90 design is likely to be determined following a key Ministry of Defence meeting to be held tomorrow. Under the chairmanship of Mr Ian Stewart, junior minister in charge of warship huilding, naval procure-ment and operational staff will assess independent tests which have been carried out on the S90 over the past few months.

Ministers will consider their findings - and the replies given to their questions by Thorneycroft Giles who will be present - and decide whether to sign a £1.5m-£2m contract for further definition of the

considerable hostility in the navy. where it is criticised for its seakeeping qualities in particular.

Mr David Giles, director of Thorday that extensive tests over the past few months had validated his company's claims for the vessel. The performances of scale models of a traditional Leander frigate and

the S90 were compared in the tests.

The MoD agreed to study the S90 design about a year ago as a possible alternative to the Type 23. But confusion now concerns its possible future following remarks at the equipment exhibition at the weekend by Admiral Bryson.

The Admiral, who is in charge of The Admiral, who is in charge of the navy's equipment programme, said the Type 23 frigate, which bas been designed along traditional lines and is to cost at least £100m a ship, is to go ahead. The first order of "at least eight" would be placed next year, he said. This would seem to rule out the \$90 as a possible altto rule out the S90 as a possible alternative.

However, Admiral Bryson also said the navy was considering huilding smaller warships, somewhere between the size of frigate and a coastal patrol craft, in an effort to keep np the number of ships in the navy and to take account of financial constraints. The short, broad concept could be among those considered for this new type of warship, he said.

The Admiral believes the move towards smaller ships is an indication of the Navy's flexibility, and takes account of lessons learned last year during the Falklands war. He bas also indicated that a further factor is the possibility of overseas sales. It is nearly 15 years since Britain exported a new warship.

# Time running out for Ulster informers

BY BRENDAN KEENAN IN BELFAST

ULSTER security forces are en-Use of "supergrasses" had markedly reduced the level of violence in Ulster, Mr gaged in what may turn out to be a race against time in their use of the James Prior, Northern Ireland Secretary, said yesterday. Interviewed on BBC controversial "supergrass" techradio he insisted that there was no pressure on the Royal Ulster Constabulary nique. The question is whether the to use informers. Police had to obtain permission from the Director of Public police can smash the morale and or-Prosecutions (DPP) before a case based on uncorroborated evidence could be brought to trial. The DPP and an independent judiciary guaranteed ganisation of para-military groups before legal, political and even moral pressures curtail the use of sudefendants a fair trial, he added. pergrasses (informers).
So far, the Royal Ulster Constab-ulary (RUC) seems to be well

ers of the organisation - the men more than 20 supergrasses. The or-ganisation of the Protestant parawho rarely carry a gun and never protection in a secret hideout plant a bomb.

ing number of informers, is the aperantic civil liberties campaigner, parently endless nature of the UI- talks about the damage done to ster troubles. Many of those who close-knit Catholic communities, have turned Queen's evidence have where the families of informants already spent time in prison. Under become toe object of bostility from Northern Ireland's 50 per cent remission system, they faced serving the rest of their sentence before harder to quantify - although probeginning any fresh sentence tests about the use of supergrasses which the courts might impose for their subsequent offeoces.

The Catholic and Protestant Bish-

fer a new identity, protection, and a joint statement criticising the su-home for the informant and his pergrass system; Lord Gifford, the so important to the police. The information not only leads to convictions, but provides invaluable intellarge sums of money are offered, Labour MP, Mr Martin Flannery, have been supported by the mathematical indicates the mathematical in hut the RUC denies this.

There is reliable evidence that

Sinn Fein, the political wing of
RUC officers are now on the look

the IRA, is organising demonstraout for likely supergrasses who tions against what it calls "show tri-might be persuaded to give evi-als," and even Mr Ian Paisley, the

Once they find one, an extraordinary sequence of events begins. that the supergrass technique gives The informant's family and belong immunity to people who may have ings are taken into police protection to stop them being beld as hostage.

Lawyers themselves are worried about the value to be placed on the tre, outside Belfast, the informant evidence of accomplices who have confronts each of those against the incentive of a new home and a whom be has made allegations. new identity far from the revenge RUC detectives, who are now of their ex-colleagues. Terrorist among the most experienced inter-cases are beard in Northern Ireland

IRA for at least the last three years, and who can lead them to the lead ery scrap of useful intelligence. "warn themselves," as they would a "warn themselves," as they would a jury, about the dangers of such evi-Afterwards, he stays under police

lant a bomb.

Sucb goings-on are bound to pro-duce unease. Fr Dennis Faul, a vet-At the moment, judges seem prepared to accept the role of the infor-mant. The RUC were particularly pleased by a case earlier this year, when 14 men were convicted on charges relating to Ulster Volunteer Force activity on the evidence of an informer, Joseph Bennet. More recently most of the 32 people charged with IRA offences on the word of Christopher Black were

heir subsequent offeoces.

The Catholic and Protestant Bish
As against that, the police can of ops of Londonderry have issued a an electoral force means the main nationalist party, the Social Democratic and Labour Party (SDLP), is less vulnerable to Republican pres-sure and so far it has stayed out of the supergrass argument. If the system becomes genuinely unpopuhas joined in the criticisms. lar, however, it would be forced to

The higgest danger might be to the tentative steps being taken by the Irish judiciary to extradite ter-Protestant leader, has complained. rorist suspects across the border. The judges might be wary of such For Loyalists, the main worry is

> The argument between means and ends has been central to Ulster security policy for more than a dec-ade. Internment had the advantage of leaving the legal system un-touched, but proved a political im-possibility. The "deep interroga-

hon" techniques in the mid 1970s gave rise to straightforward police

Now the supergrasses could threaten the reputation and integrity of the courts. The use of bills of indictment to avoid the need for preliminary inquiries has already been crilicised on those grounds.

**KUC** officers argue that informants are an acknowledged part of the fight against crime in other countries. They point to the use of grand juries in the U.S. against the Mafia, and the Italian campaign ogainst the Red Brigedes. Liberal opinion in Britain, they feel, does not appreciate the difficulty of fighting organised subversion, as distinct from criminal behaviour.

"We are putting the right people away," says a government official, defending the supergrass policy. 'There is tentative evidence for

bis assertion in the security statistics, which show n marked drop in deaths and injuries. In the first six months of this year, 29 people were killed, as compared with 97 in the whole of last year. This year, 164 people have been injured, compared to 525 during 1983.

The greatest advantage of infor-mants could be the effect they have on recruiting a new generation of activists. A cherished myth has been destroyed and, besides, who wants to join an organisation where one's comrade on a mission may end up giving evidence against one

making it impossible for para-whom were invited.
military organisations to function. He said the po It has always seemed a pipe-dream asked on a personal and individual until now, and those who oppose basis, taking account of their party the use of supergrasses will have to explain how else it could be done.

Unionist criticises mission to U.S.

A MISSION from Northern Ireland which is due in the U.S. zext week to seek industrial investment ran into unwelcome controversy yester-

Mr James Molyneaux MP, leader of the Official Unionist Party, said the ell-party label attached to the mission was "bogus" because neither he nor the party was formally in-

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He claimed that while the Rev Ian Paisley, leader of the Democratic Unionist Party, and Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour Party, were asked to join the trip, the Official Unionist "represen-tative" had been invited in a personal capacity to deal with terrorism

matters. Mr Paisley and Mr Hume are taking a political risk by agreeing to appear together in the U.S. It is likely they will face tough question-ing about their failure to reach a poare in Washington on Monday.

The non-government mission in-chudes bankers, academics, trade unionists and industrialists as well as the representatives of the four main parties.

Prof Desmond Rea, the group

secretary, said no disrespect was meant towards Mr Molyneaux or The stakes are high. A senior po-liceman spoke of the prospect m sectarian Alliance Party, neither of

ahead. About 300 people are in cus-

tody as a result of information from

military Ulster Volunteer Force has

virtually been smashed, while the chairman and political spokesman of the Ulster Defence Association

One of the strongest advocates of the use of supergrasses is Sir John Hermon, the RUC chief constable.

Sir John calls them "converted ter-rorists," and argued in his annual

report last March that their emer-

gence was a healthy trend from which Northern Ireland had bene-

fited immeasurably.
It is easy to see why the issue is

ligence information about the meth-

ods and personnel of para-military groups. More to the point, it has bad a catastrophic effect on their

The Irish Republican Army (IRA) has always fed on the legend that its members rarely broke ranks and

that those who did would be pursu-

ed to the ends of the earth. Many

people have been killed just on sus-picton of giving information. Now, it

seems, informers are everywhere. And they are coming from all lev-

els of the organisation. The RUC now believe they have an informant

are on hail on firearms charges.

# FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

# Sage Group — strong international links and investment expertise

BY RICHARD ROLFE

In a further part of the series on South African commerce and industry, Richard Rolfe, editor of Finance Week, interviews Mr. Louis Shill, chairman and managing director of the Sage Holdings Group.

Rolfe: What are the main South African activities of the Sage Group?

Shill: I would describe Sage as a diversified and rather unique financial services organisation. We started off in the investment management field in the heyday of mutual funds in the late 1960s, formed out holding company, Sage Holdings, in mid-1969 and then diversified into allied types of activities, the most important helpg life assurance and personal financial planning and property incestment.

We developed the first independent personal financial planning company in South Africa, FPS. That company serves both individuals and corporations in the course of analysing personal financial planning needs and providing totally independent and unbiased advice to clients.

It followed naturally from considering financial needs to becoming substantially involved in property and we invested directly into property, both in the traditional cense and in the housing area. We are also very heavily involved in the management of propetty trusts. Residential property in itself is closely allied to our homebuilding activity, which one might call the fourth arm of our organisation. We are probably the largest individual frome builders in South Attica. We find it forms an interesting and logical part of a financial services organisation.

Our group is therefore committed to these four arms but is, nevertheless, expanding its interests into unquoted securales. Dur Union & London company takes typical investment banking participations in order to bring us into other fields without necessarily incolving operating control. We offer linance, sometimes management and financial planning, hut are not involved in the actual operations of the company. We have built up an interesting nortfolio and have concentrated on expanding beyond our basic four activities through Union & London.

Rolfe: In what ways is your group structure unique?

Shill: In that we haven't developed from one basic form of institution. A number of our activities are natural extensions of either institutions, whether they stem from banking or insurance etc. In our case, starting out as an investment holding company and moving on into financial services, we feel that made those operations a lot more independent of any one medium or institution, or even of each other. Particularly in the method in which we market our services we have found that in dependence ensures a lot less bias and as a result a better service to our clients overall.

Rolfe: What is the rationale behind linking housing and financial services?

Shill: With all our financial services, we tend to be dealing with the client and his security, and the security of a home is probably primary in the minds of every individual and family. Beyond that, being in financial services, we are inevitably involved in

providing finance, and a home is not just bricks and mortar any mote. You have to provide a fairly sonhisticated form of financing at different times in order to make it consistently possible for people to incest in homes. Out structure allows us to raise the money at the right time and build the home, usually on our own land.

We sometimes have the entire circle, starting from the client who wants personal financial advice, who needs a life assurance policy or a huilding society incestment. The client is advised, depending on the needs of his portfolio, as to whether he should go into a huilding society. Invariably, there is likely to be a natural link with the building vociety which provides the funds to build a home through our home building company. So the circle is pretty well complete within our own group of companies.

Rulfe: What proportion of your asset base is invested in property?

Shill: Of the R300 million total asset structure in our consolidated balance sheet approximately 25% would be represented in property, more or less R80 million. That figure would include the direct and property trust holdings of our assurance company Ned Equity Insurance, our direct interests in property and of course, holdings of our land company, which is allied to the Schachat home building

You could extend that definition somewhat hy ineluding the underlying property values to important investments which we field. For example, if you take into account our holding in the Unisee Gruup, and its own holding in the Unidev organisation which has now been converted into the Standard Bank Property Fund our indirect holding would be approximately (2% of that lund which in itself represents another approximate R25 million in property assets. That delinition would then extend our holding to more than one third of our total consolidated assets.

You could also deline our property exposure more widely by reterring to the total assets under our control or management. We presently have approximarely R800 million of assets under our control and approximately R500 million of that figure would be represented by property, nearly 60% of the total.

Rolfe: What are your main international connec-



Mr. Louis Shill, chairman and managing director, Sage Holdings Group.

Shill: We have international connections in virtually all of our activities. If you look at our operating divisions and particularly our investment activities, we have a number of important international connections eg those related to the portfolio of Sage Fund, where we have approximately R12 million invested into foreign securities.

We are in daily touch with investment organisalions, including brokerage houses and investment bankers, in many parts of the world and more particularly in the United States. We have a number of other connections in the Union & London organisanon which, as you know, is our investment banking group. Firstly, we have important overseas shareholders in the Electra House Group of the U.K., which holds approximately 10% of the issued eapital of Union & London. As such, we keep closely in touch with them and we also try to maintain lies with their other alfiliates around the world, for example the Oppenheimer Group of the U.S.A.

In our portfolio we have a number of investments with strong overseas attiliations. These include the worldwide Hertz car hite organisation, which franchise we control jointly with other parties in South Africa. There is also the International Cosmetics company which represents the Orlane group of France and Max Factor group of America. Then there is the SAK organisation which holds the franchise in South Africa for Encyclopaedia Butannica and other international communications products. Even in the motor field, we have interests in Iranchives representing certain European and Japanese

At Leo Computers, our computer organisation, we have a number of ties in representative and other canacities with international computer manufacturers. In our property trusts we have a large number of individual toreign unit hulders. From a taxation point of view, it is far more advantageous for foreign investors to be invested into property trusts where they are basically subject to a withholding tax only instead of normal taxation which is payable in the case of a direct property holding,

In the insurance category we are closely related to the Nationale Nederlanden Group of Holland, We manage Ned Equity Insurance, but its equity is juint-

Sage Holdings Limited

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PO Box 7755, Johannesburg 2000

Tel Johannesburg 836-8281. Telex 8-0168 SA

ly controlled between Nationale Nederlanden and ourselves. This Dutch group is one of the largest insurers in Europe today and one of the worldwide ntajors. It is, of course, advantageous to have international insurance ramifications as insurance should never be contined to the boundaties of any one

In the financial planning field we operate our own office in the United States in a subsidiary named Finplan of America Incorporated. That office is based in Dallas. Texas and has extended its financial planning activities recently into life assurance broking in specialised fields. We are also very closely associated with the Nedbank Group of South Africa which has a number of international branches and representative offices. These in themselves give us connections abroad.

Rolfe: What plans do you have either to expand internationally or ia South Africa with foreign part-

Shill: We have for four or five years been incertigating possible expansion opportunities either in the United States or the U.K. We see these developments in the areas of insurance, financial planning or property and are presently investigating a number of proposals in the first two categories in particular. Given the opportunity we would also expand our investment portfolios.

Rulfe: You are unique amone South African Institutions in holding a portfolio of U.S. securities. How has it performed?

Shill: We are delighted with the performance of our foreign portfolio. We were originally given the opportunity to invest approximately R2,5 million abroad, that would be about 10 years ago, and the present value of the portfolio is approximately Rt2 million. One must also bear in mind that in terms of regulations, we have had to repatriate all income from the portfolio so that the accrual in value is directly attributable to capital improvement.

If South African institutions are given the goahead for incestment abroad, I have no doubt that most progressive institutions will take advantage of that relaxation. However, I believe that they would enter foreign markets very cautiously and gain the experience necessary to deal with the great variety of different circumstances which pettain abroad. These include knowing which advisors are reliable, having a good grasp of the foreign exchange implications, and being able to judge the economies of various countries.

One of the unfortunate aspects of the possibilities for investing abroad is that it is most unlikely that we would be allowed to borrow abroad on a back-toback basis to afford our portfolios some foreign curtency protection.

# Seal campaigners plan Canadian fish boycott

FINANCIAL TIMES REPORTER

IMPORTERS of Canadian fish which has damaged Canadian ex-products, salmon and white fish, ports, ends in 1985. The SPG is are being threatened by plans to or seeking further protection after ganise a boycott of their branded that date.

The threat comes from the Seal inteods to extend the boycott to the Protection Group (UK), a lobby as U.S. consumer market if there is a sociated with the International Canadian seal cull next March. Fund for Animal Welfare, a conser-

The campaign for a hoycott will ucts have been sent postcards by be backed by a \$1m advartising programme in national newspapers, including the Daily Mirror and Daily Mail. This will focus attention on the Canadian read will in Morth.

The international welfare fund

In the past seven days UK importers of Canadian fish prod-

the Canadian seal cull in March Berisford (Foods), Young's Seafood, each year.

John West Foods, Princes Foods,
A two-year EEC ban on the imFindus UK, B & A Brittoo, and
port of baby seal skins to Europe, Clouston Foods.

# LancerBoss finds an ideal partner

BY PETER BRUCE

home a bride. Looking back over what could best be described as roand Matral Saxby in France, Coventry Climax in the UK and parts of Eaton in the U.S., the takeover of Germany's Steinbock announced yesterday, seems oddly appropri-

In a highly fragmented industry, fronted by at least 12 major produc-ers, all of which are in deep trouble, it was not difficult to ignore Steinbock as a possible partner for LancerBoss, whose specialist lift trucks have enabled it to work through the recession with one of the strongest halance sheets in the industry. Steinbock, ranked about 25th in

world lift truck sales, with a turnover last year of about DM 140m, has been overextended for years. Borrowings amounted to DM 55m at the time of the takeover, representing a gearing of about 300 per cent. It had built up a reputation for leading price cutting in Germany, Europe's higgest market.

The Bavarian government, convioced that the company had a lim-ited amount of time left in business, had begun to despair of the political implications of about 1,100 people losing their jobs.

At the first approach, in April this year, Lancer Boss was turned away, but it was when Steinbock and its hankers, including Hypo-Bank and Amex, took time during the slack holiday period to try to project activity for the second half of the year that the hanks dug in their beels. Mr Neville Bowman-Shaw, Lan-

cerBoss chairman, found himself in the enviable position of being of-fered a manufacturer on the sort of terms that he, as one of the early prophets of worldwide lift truck rationalisation, used two years ago to illustrate the perfect deal. Steinbock bad already drawn up

"social plan" under which the 1,100 personnel at its two plants would be reduced to 840; the German producer makes precisely the range of small to medium-sized lift trucks that LancerBoss wanted to complement its own beavy, specialist products, and he had the support of the scale of retreat in the lift of government at the receiving end in this case the Bavarian authori-

along with many others in the in-

IT TOOK about two years of serious dustry, that the world has the cacourting for LancerBoss to bring pacity to produce about twice as bome a bride. Looking back over many lift trucks as it needs, is certain to take Steinbock's rationalisanantic skirmishes with Fenwick tion even further. The smaller of the two Steinbock plants, at Roding, near the Czech border, will go, with some production being transferred to the main plant at Moosberg, conveniently sited close to Munich's international airport.

The biggest transfer of production, however, will probably the LancerBoss plant at Leighton Buzzard, Bedfordshire, picking up the heavier end of the Steinbock range, probably trucks of more than 4 tons. Mr Bowman-Shaw made it clear yesterday that he wanted no duplication of production.

Whether Mr Bowman-Shaw will be able to turn Steinbock around by the second quarter of next year de-pends entirely on the state of the market. Steinbock's order book is now more healthy than it was in 1979, before the West German market, the biggest in Europe, plunged 26 per cent in volume in 1981 and a further 26 per cent last year.

But Steinbock, the third biggest German producer behind Linde and Jungheinrich, owes its present order position to a single client, the West German army. LancerBoss is clearly laying great store by the military order, for well over 100 vehicles, leading to others from Nato.

The West German market as a whole is beginning to pick up from the low of 11.500 units sold last year, but recovery is expected to be slow, and with about 28 manufacturers, on average, reckoned to be competing for each order in Europe. margins are likely to remain precariously slim.

The rest of Europe shows precious little sign of recovery. The UK market, which picked up about 15 per cent in volume in 1982 over 1981, has not moved at oil this year according to one leading producer. The French market, which also showed signs of recovery last year, has falten back again this year.

The purchase of Steinbock is probably the clearest indication yet truck industry. More numerous signals have, however, come this year from the U.S., where Eaton Corpor-Mr Bowman-Shaw, who believes, ation has tried, with partial success,

Test dri





"The Maestro will become a milestone and benchmark in British Motoring History." D. Benson, Daily Express 1.3.83

"Equipped to be a world beater." Financial Times Headline 31.1.83

"The Maestro is the most innovative 'everyday' car since the Mini 23 years ago." Michael Kemp, Daily Mail 1.3.83

"From the way in which the Maestro comfortably comes top in no less than four of our five areas of assessment it can be nothing but the dear overall winner." What Car? June 1983

"Right through the car the engineering is excellent-often superb." Mel Nichols, Sunday Express Mag. 27.2.83

"... There is no other car in this class I prefer to the Maestro ... It offers style and driving satisfaction...the epitome of low-cost enjoyable 1983 transport" Frederic Manby, Yorkshire Post 15.4.83

"Maestro a Winner. Success will save jobs."

Daily Star Headline 2.3.83

"It's a car of which Austin can be proud-just watch it sell." Drive Magazine April '83 "It outshines the competition in style, economy, roominess and price and outstrips the field in advanced technology."

Car Choice April '83

"It's a winner all the way and it's the best of British."

Daily Express 1.3.83

"Magnificent"

The Sun 1.3.83

"The abiding impression received as one gets in a Maestro is of airy space...with adequate room for a 6ft driver and for a similar size Autocar 28.5.83 passenger behind him."

"It's a joy to drive."

Patrick Mennem, Daily Mirror 1.3.83

"The Austin Maestro is aptly named. It is a great composition of the latest advanced technology-and is going to play havoc with all its competitors. It beats them all on petrol economy, interior dimensions, equipment, innovative new features and price."

Leslie Driver, Sheffield Star 1.3.83

"A combination of performance and economy that the opposition are hard pressed to beat..." Motor 9.4.83

# HERES ONLY ONE W

Test drive one of the 7 new Maestro models available now at your nearby Austin Rover dealer and you'll believe in miracles.



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your plate following lunch at Turner and Newall these days. The formal waitress service in executive dining rooms has been scrapped. Lunch is strictly a self-service affair, which means that guests are now courteously served by the nearest board

But the changes which bave been made at Turner and Newall in the last year are more than just cosmetic. Only 11 months ago, its hankers were in talks with the Bank of England on methods for averting the company's collapse. To-morrow, the Manchester-based company should report a sur-prisingly healthy return to

profit.

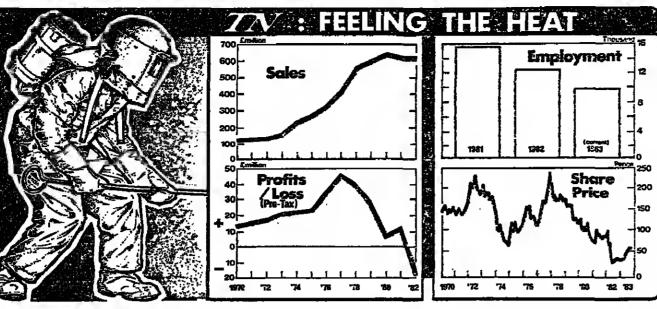
T & N, still the largest producer of ashestos-based pro-ducts in Britain, still faces very severe problems. Even so, its past year proves that a huge UK group teetering on the edge of disaster can at least be pulled back from the brink.

T & N was in danger of topp ing over for two reasons. First, its substantial borrowings were producing interest charges which sluggish trading profits aimply could not meet. Second, amply could not meet. Second, and this gave bankers even weaker knees, was the fear of growing claims for compensation from former UK and U.S. workers who had contracted mesothelioms, a deadly form of cancer, or asbestosis, a painful lung disease, caused by breathing asbestos dust.

These two factors helped to oush T&N's share price to a low of 23p last summer, giving the company with £600m in sales a year a market value of about an eighth of its net worth.
Customers, suppliers, and
employees right up to board
level began to lose confidence. Efforts to sell Ferodo, the company's well-known but beavily depressed brake pad company, undercut confidence further. Markets for T&N's wide range of industrial pro-ducts—from gaskets to fireproof textiles—seemed to be slowly

By October, a major supplier refused to grant the group any more credit and insisted on cash. The steamroller which has flattened bigger names than Turner & Newali looked like beginning to roll.

It is underslood that a group representing the 18 banks—collectively owed more than £100m—approached the Bank of England around this time for help. "The situation was that help. "The situation was that the banks were not prepared to continue lending and did not see the company getting out of its stralt-jacket," says one its stralt-jacket," says one executive close to the negotia-



# Self-service at Turner & Newall

Carla Rapoport describes how the UK industrial products group, which a year ago plunged into heavy losses, was brought back from the brink of collapse

nors on industrial matters. Assurance, which holds just change in top management was necessary. Stephen Gibba, the group's 62-year-old chairman was not moving fast enough to correct the groun's troubles. Capable managers underneath him were also thought unsuitable for promotion because of their association with the group's dismal image in the

Lord Benson's choice for the job was Sir Francis Tombs, then still working on getting The Weir Group to rights. Sir Francis, a former chairman of the Electricity Council, was meant to spend a limited time as chairman of the troubled Scottish engineering group and ultimately band back the job to

A friendly man who isn't afraid of a good fight, Sir Francis, 59, warmed to the new offer swiftly. He negotiated with T & N's bankers one of the most impressive compensation packages yet seen in the City and joined T & N in late November. His deal is tied to performance, If Sir Francis can have T & N in late November. executive close to the negotia-tions.

Lord Benson, at that time
an advisor to the Bank's gover
bis strant-jacket, says one performance, it for Francis can
keep T & N shares over 50p
for three years, he is set to
collect some £540,000 on top of
bis £60,000 salary. Prudential

under 5 per cent of the group's shares, also tossed in a sweetener in the form of an option on 500,000 ahares at around 30p each to be spaced out over the next three years.

"They wanted me to do a job, so I thought they should pay for it," says Sir Francis with a grin. He has reason to smile; within months of his appointment, the shares began steadily to gain in value. They have been comfortably over 50p since the second quarter of this year.

The group's morale and image

The group's morale and image obviously responded quickly to the arrival of a new face and name at the helm. Given the company's overwhelming dependence on sales to the automotive, construction and engineering businesses, however, Sir Francis's chances for success during the next few years appear less than watertight. Even so, his record with T & N to date is impressive

He then proceeded

which had been the remaining marketplace.

"The crown was made paste," claims Sir Francis By eliminating the tax charge and the interest saved by disposing of its U.S. borrowings, Sir Francis reckons that the sale of Hunt gave a net gain of £2.5m to the group's profit and loss statement this year,

"I had no addiction to Hunt. It was capital hungry and its management was in the U.S. It was an unfamiliar market to us. Yes, it made money, but in a very exposed market," he says. "We are left in mature in-dustries," be agrees, "but we will be driving cars and build-ing bouses in the years to come. These are also low-risk industries. We just baven't been doing very well in them. We bave to get better," he says.

Which brings Sir Francis to topic be isn't shy about-There is nothing very sentimental about Sir Francis.
mental about Sir Francis.
Within days of bis appointment,
he shut up the group's Manchester beadquarters and its substance, Today, Sir Francis
lavish London offices in Curzon
Street He there proceeded admits freely that the battle is over. "Asbestos concerns are here to stay. It is not our job with the sale of the group's to convert the public. We have stake in Runt Chemicals, the to respond to what the public U.S. specially chemical group wants... we have to follow the

A candid nature, however, cannot erase deep-seated prob-lems. Asbestos-based products atill account for around half of the group's sales. Although the group is a recognised leader in

Asbestos, for all its faults, is a remarkably tough, versatile product. So far, T & N bas had to buy or develop a total of nine flores to do the jobs which asbestos had been doing.

"Wa've had non-asbestos flat

" We've had non-asbestos flat aheets (used in roofing) since 1975, but the pressure from outside was not enough to make contractors change," says Harry Hardie, a T & N board meinber. Sales of this product are now moving up nicely. But in other areas, T and N bas had aggressively to market its new products on the basis of price and performance, as opposed to

Still, Sir Francis insists the group's goal is to baive its use of asbestos in two years. Within five years, it expects nonasbestos products to account for all but 15 per cent of its sales. The worth of this prediction

will be proved when T & N begins to sell non-asbestos corrugated sheets (also used in roofing) to the bullding Indus-try. The group admits it's a challenge. "Have they slood

outside on top of a building for the field of asbestos replacements, the conservative building and engineering industry has been distinctly wary of the new products.

Asbestos, for all its faults, is another board member.

workers, Sir Francis feels that fears have been overblown. Although payments this year will go up slightly, he says that the number of claimants in the UK has stabilised. Stricter safety measures taken in the 1960s and 1970s should mean that the numbers of claims will drop sharply in about 10 years' time, he adds,

In the U.S., action has been taken to speed up settlements and reduce legal costs. The large numbers of American cases, he says, obscure the fact that the vast majority have no substance. One T and N subsidiary in the U.S., Flexitallic, the wood has 1,400 cases against it, bas paid more than \$100,000 in legal fees, but has yet to be found liable for a single dollar

Sir Francis has continued the work of bls predecessor on cutbacks and cash control, ployees now number about 9,700 in the UK. compared with around 23,300 in 1979. Significantly, the jobs of both manag-ing director and public relations efficer have gone with those cuts while some four divisional chicfs have been replaced. One cut he does not plan to make, however, is the sale of Ferodo. "We have to stick with what we know," be says,

The new chairman has also instituted a monthly reporting aystem for sli 40 divisional chiefa replacing a cumbersome

quarterly system.
"They are powerful mind concentrators," says Sir Francis. The reports are now due nine days after the close of a month. The group's Zimbabwe assets may prove a thornier problem for Sir Francis. T & N has been negotlating for some time with the Zimbabwcan Government on methods for selling it some of T & N's equity in its asbestos mines. To Sir Francis's surprise, both sides had been using the same merchant bank. This situation has now been rectified but it is unclear when, if ever, T & N will realise any cash on

the deal at the Zimbabwean mines has been honed down by 17 per cent and stocks have been reduced from nine months supply to six.

At the Weir Group, Sir Francis had defined goals of reducing borrowing, accuring a credit agreement with the group's banks and seeing three consecutive dividend payments made, when these had been schieved, be felt ready to leave. At T & N he has different feelings.

"Fil take the board's view at the end of three years," he says, implying that a positive view would be more than wel-

Few blame Sir Francis for the downturn recently announced by The Weir Group.
Nonetheless, the sobering announcements a few weeks ago of a 40 per cent fall in pretax profits for the first six months of 1933 and a halving of Weir's interim dividend has served to remind Sir Francis of the difficulties ahead.

"He doesn't have a magic wand," cautions Martin Bell, the group's respected finance director whose beard has gone

irom black to grey in the two years.

Even so, Sir Francis seems positively to thrive on the challenge ahead of bim. "Out of the woods? Oh, no." he sexclaims. "T & N has lots of problems. Let's just say it is well placed in the recovery well placed in the recovery well placed in the recovery and the answers given in these columns. All inquiries will be onswered by post os soon os possible.

# BUSINESS PROBLEMS

# Shop usage

We are established ethical retailers living over the shop in a very traditional town trading area. With the sup-port of the local council we opposed the npening of an djacent video parlour.

The case went to appeal nd after a public hearing the Minister ruled in favour of the appellant but subject to strict conditions including retaining the shop front restricted hours of opening restricted hours of Opening, soundproof construction and no gaming machines. The Minister's conditions are gradually being creded, gaming allowed with council consent, no soundpreading, hours extended. Has the council the right to allow paristion of the Minister's variation of the Minister's conditions or does his ruling

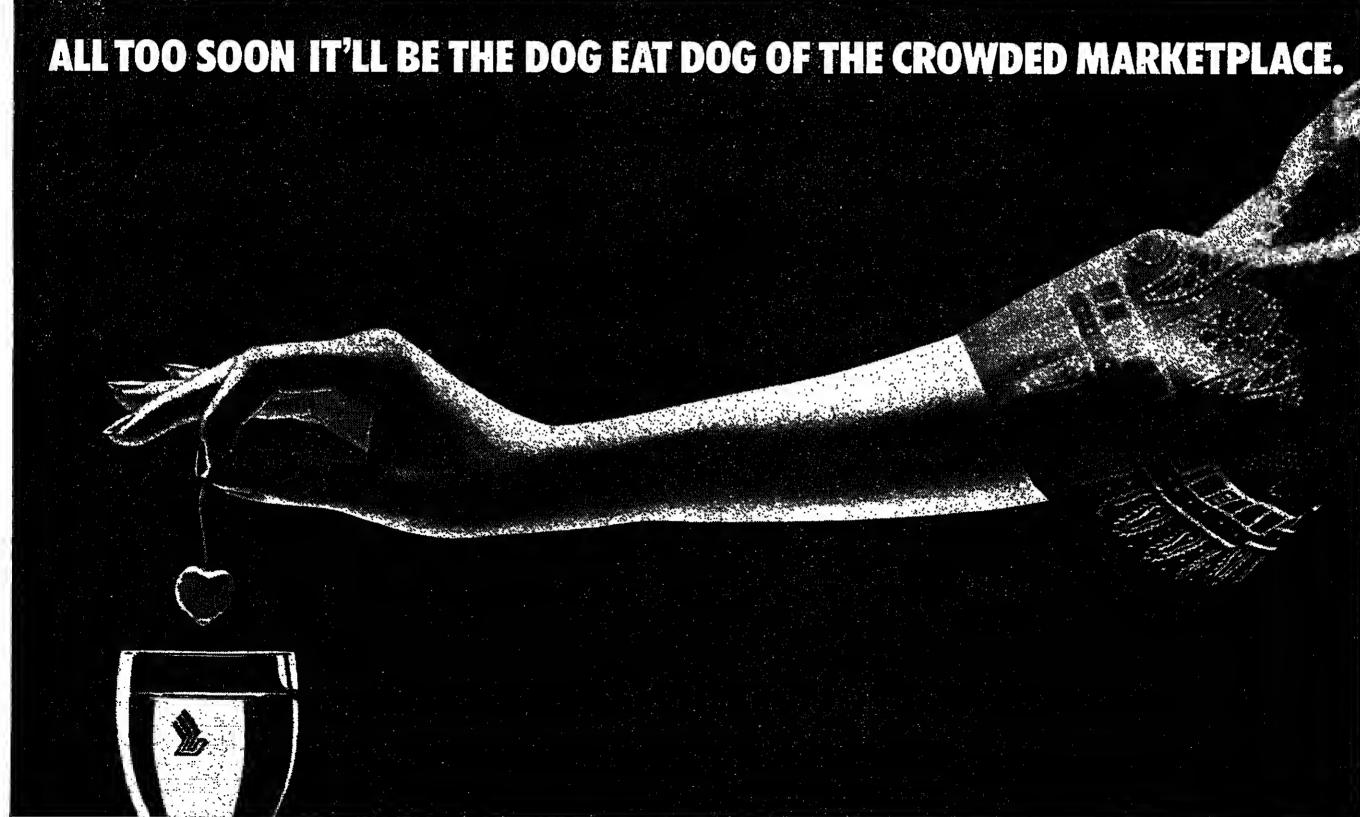
have the furee of law and should remain inviniate." When the local council allows variance of the ruling should we appeal to the Minister to enforce his own ruling nr must we take other

It is up to the Council (as planning authority) to enforce the conditions. You can only press the Counell to do so and if nothing is done, lobby local

### Escrow account

in it are still deemed to be part of the assets of the company in liquidation, which opened it, is there some appropriate action to take?

The term escrow account, although commonly used, is more apt in American jurisdic-tions than in England where escrow is, technically, used to denote a deed delivered on condition. What matters is that the account is held separately from the general assets of the company and in a form which shows that claims are likely to be made that the money in the account was held by the company on trust. If this were not done and the money were added



However, for a few, precious hours all that is a

long, long way away.

Here, in the privacy of our Business Class cabin, there are no quick decisions to make. Here the only options to be weighed are the choice of food and

Champagne perhaps, or your favourite cocktail.

Lobster Newburg, Grilled Rib Eye Steak or Szechuan Fried Fish. And which liqueur?

It's the most pleasant of dilemmas,

In the meantime, relax in an exclusively designed seat that some airlines would be pleased to call First

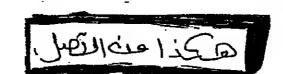
Adjust your special stereo headphones, and

choose from eight music channels offering everything from Brahms to Bermann, as we fix your table cloth of fresh crisp linen and lay out the fine bone china. With our gentle hostesses in sarong kebayas anticipating your needs almost before you ask.

And when you finally take leave of us you'll still be one jump ahead. Priority luggage clearance and

our Premium Accommodation Plan service will have you speeding towards your hotel while most others are still in the terminal

In today's crowded marketplace we're only too aware that it's very much in our business interest to help you SIMEAPORE AIRLINE succeed in yours.



# Brazil's oil exploration starts to pay off handsomely

By Andrew Whitley in Rio de Janeiro

WHEN BRAZILIAN officials talk about the reasons for their country's acute balance of payments problems they invariably cite the two oil price "shocks" of 1973-74 and 1979 as a prime cause of present difficulties.

The facts are undeniable: whereas in 1972 crude oil represented 10 per cent of tha country's import bill, a decade later it made up over half. What they neglect to mention is that in the five years after the first, great upward leap in Opec prices Brazil's domestic oil production actually declined, at a time when consumption

at a time when consumption was rising significantly.

Only in the last five years have Brazil'a bydrocarbon resources been given the attentional statements. tion they deserve. But even in this short span of time the results have been impressive. This year's anticipated average production of crude oil, of 340,000 barrels a day (b/d), is double the cutruit of 1973

double the output of 1973.

The substitution of imported oil by domestic crude and oil by domestic crude and alternative energy sources has been a top priority for some time now. But it is really only aince the onset of the country's foreign exchange liquidity crists a year ago that recent investments in exploration and production have come into their own.

Every additional barrel produced at present represents a saving of \$29 at today's prices on the import bill, and thus an

### OIL PRODUCTION AND CONSUMPTION Production #Consumption (Figures in thousand barrels

	per day	7)
1963	99	327
1973	174	766
1978	166	1,031
1979	171	1,105
1980	187	1,095
19 <b>5</b> 1	220	1,016
1982	268	1,01E
1983	340*	1,005*
1984	410†	956†
1985	510+	210†

• Estimate. † Forecast. ‡ Includes

BRAZIL'S MAJOR OILFIELDS (Figures in barrels per day) Carmopolis (Sergipe/onsbore) Garonpa System (Rio de Janeiro/offsbere) Bicudo (Rio de Janeiro/offshore) Pampo (Rio de Janeiro/offshore) Ubarana (Rio Grande do Norte/offshore) Namorado (Rio de Janeiro/offshore) Bonito (Rio de Janeiro/offshore)

Linguado (Rio de Janeiro/offshore) Miranga (Bahla/onshore) 10 Aracas (Bahia/onshore)

foreign loans needed to fund Brazil's current account deficit. Next year's anticipated drop in imported oil volumes from 650,000 b/d to 500,000 b/d sbould save the central bank according to official

estimates. The greatest increase in oil output has come offshore, where Petrobras, the state oil company, bas built up one of the most intensive offsbore

exploration operations in the The jewel in its crown is the Campos Basin, a 31,000 square kilometre mesozoic structure between 80 and 120 kilometres off the coast of Rio de Janeiro

By the end of this year Petro-bras says it will bave invested \$5.3bn in Campos (excluding interest charges on borrowing) out of a total planned investment by 1985, when output is expected to be at its peak, of

to pay off handsomely in terms of a rapidly rising output of a Light (30 to 40 degrees IPI). virtually sulphur-free crude and a substantial quantity of gas, also piped to the mainland. At the end of August oil production had risen to 156,400 b/d, 45 per cent of the national total of 347,200 b/d. As its permanent production platforms are installed, over the coming 16 months, production will jump to a 1984 average of 211,600 b/d.

The eight producing fields in the Campos basin, all named after Brazilian fish, are grouped into two "poles" to the north and the south for the aake of the collection and transporta-tion pipelines, in water depths ranging between 90 and 250

Sources: Petrobras, Ministry of Mines and Energy, Inter-American Development Bank.

In fact, Petrobras claims tha the deepest underwater con-

in terms of depth, though not seemed to bave secured some rough water conditions, in the grudging concessions, but the next band that its exploration final result is still likely to be teams are tackling—beyond 250 metres.

"We don't think we'll discover another field as prolific as Campos," Sr Mauricio Alvarenga, Petrobras superintendent of production, said. But he added that in the opinion of the company's geologists the section of Campos lying between 300 and 400 metres deep could bold reserves equal in size to those already dis-

covered. Proven oil reserves in the Campos Basin today stand at 962m barrels, 54 per cent of Brazil's total of 1.8bn barrels; a figure which puts Brazil in fourth place in Latin America, well behind Mexico and Venewiels but close to Argentina zuela but close to Argentina. The Campos rate of discover

has been so good that in the second half of the decade Brazil

22,400

18,400

17,000

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Petrobraa is more cloudy, primarlly because of Brazil's dire financial straits. Last year Petrobras spent

\$3.6bn on exploration and production, 41 per cent up on 1981, putting it in the same league as a multinational giant like Mobil. In cootrast, this year spending is expected to drop by 17 per cent, to just under \$3bn.

For months Petrobras has waged war with the Planning Ministry in Brasilia over its nection and the deepest mono-bouy, on its new Corvina Field.

The Brazilian company is pushing onto the fringes of per cent, instead of the likely existing offshore oil technology are cent. Last week it in terms of depth, though not seemed to baye secured some a substantial cut in its spend-ing. Aggravating the cutback is the fact that acress to new loans from the Euromarkets

> Last month the first of the permanent production plat-forms was booked np in Campos, on the Namorado I field. The next ones, on the Enchova, Pampo and Cherne 2 fields will be installed within

bas been closed for the moment.

Then next year, at roughly

neighbour, and long-standing quarterly intervals, the remain-rival, in terms of proven ing four platforms are ing four platforms are scheduled to come into opera-tion, altogether bandling 130 wells

> permanent platforms, Petro-bras says that over three-quarters of Campos' output next quarters of Campos' output next year will still be produced through its early production systems, the key to its success in bringing the whole basin pa stream so quickly.
>
> At present 40 per cent of Brazil's entire crude production is processed through the sarly production systems. These

> production systems. These consist of e aemi-submersible or jack-up drilling rig adapted for usa as a mobile nlatform, subsea or surface Christmas trees for the wella and a moored tanker for storage.
>
> Ten of these systems are already in operation and another two are currently baing installed. Plans for a further cight.

eight are on the drawing Petrobras is proud of the way it has pushed the established

technique of anticipatory systems to new limits, saving Brazil \$3bn on its imported oll bill in the six years since they were introduced.

Leaving aside the question of

hard currency savings, the financial cost of bringing Camnos on stream has clearly been high. Petrobras is cagey about the exact figures. but says that production costs alone in Campos are running a little below the national average of SS a barrel

This excludes exploration and financial costs which could double the overall figure. Folha de Sao Panlo, a leading newspaper, rerently claimed that the overall investment in Campos amounted to \$17 a barrel.

coast, both on and offahore, bas secondary and tertiary recovery made a surprisingly strong techniques and the drilling of recovery recently. For this the development by Petrobras of and the end of this year Petroan economical way of producing oll in commercial quantities from small offsbore fields in

Just north of the great bulge of Brazil sticking out into the Atlantic Ocean, Petrobras bas planted 51 of its "fixed modular" platforms in waters up to 60 metres down.

of the cradit.

production on the north-east are being revitalised through

Oversbadowed by the mora on land, the old fields of glamorous development of the Campos Basin further south, oil covered in 1939, and of Sergipe

and the end of this year Peiro-bras plans to drill 226 small wells along the coastal strip north of Rio de Janeiro.

shallow waters must take some responsible for nearly half Brazil's total output but, as Campos increasingly comes on stream, that percentage will

The SM-3 drilling rig in the Garoupa Fleld, which is owned by

Foreign oil company partici-pation in the search for oil and gas in Brazil has to date been extensive but notably unsuc-cessful. Out of 144 risk contracts signed between Petrobras self-sufficiency,

and foreign companies, only about 80 are still in use and only one consortium, led by Pecten, has struck oil in commercial quantities.

In addition, most of the majors are conducting preliminary seismic studies on a fee basis for Petrobras.

fee basis for Petrobras. Uncharted, but potentially rich in gas, areas such as the Middle and Upper Amazon have been favoured.

favoured.

Gas reserves proven so far
are a modest 75bn cubic metres,
well below the quantities discovered in neighbouring covered in nei Colombia and Bolivia.

Colombia and Bolivia.

Production is approaching 12m cubic metres a day, mainly from the north-east coastal region of Bahia, Alagoas and Sergipe. Its most profitable use bas been as feedstock for the Camacari petrochemical complex in Bahia State.

Incentives are also being provided to industrial plants to convert to gas as a fuel source in plare of imported fuel oil. Output rose by 22 per cent last year but the Ilmited demand has been an impediment to further growth.

For a country desperate for

For a country desperate for foreign exchange the really heartening phenomenon has been the rapid development of the Campos Basin. Whatever the cost, the oil is finally gushing fast into the on-sbore storage tanks as Petrobras announces almost every week that it has broken a new pro-

Overall output was up 22 per cent in 1982 and will have leapt by another 27 per cent this year. The 1985 estimate of 510,000 b/d is then expected to remain at a plateau for some years to come. Based on what is already known, Petrobras reckons it can maintain output at this rate until the year 2000, seeing Brazil into the carly 21st century with a fair measure of

### Notice of Redemption

# Transocean Gulf Oil Company

9% Guaranteed Debentures Due 1985 (Now Gulf Oil Corporation 9% Debentures Due 1985)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of October 15,1970, under which the above-designated Debentures are issued, \$1,079,000 aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on October 15, 1983 (herein sometimes referred to as the redemption date):

\$1,000 Coupon Debentures Bearing the Prefix Letter M.

					-,					_							
2	593	1404	2070	3055	3695	4460	6684	10275	11977		14816	15607		17409	16371	19518	
6	623	1406	2073	3066	3697	44BB	6612	10293	11979	12909	14815	15646	16353	17415	18320 18424	19521 19524	
7	632	1487	2074	3074	3713	4512	6859	10596	11998	12922	14822	15667	16354	17418 17420	18427	19526	
15	640	1438	2149	2091	3715	4518	6664	10598	12010	1:2966	14886	15667	16365	17434	18483	19525	
20	644	1439	2166	3093	3718	4525	8665	10606	12049	12968	14842	15679	16846	17454	16493	19525	
27	645	1441	2174	3095	3721	4527	6669	10621	12058	13140	14858	15680	16368	17494	18499	19543	
28	667	1443	2176	3096	3768	4533 4538	CROC T	10655	12070	13245	14869	16663	16406	17495	18500	19545	
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73	696 701	1467	220	3201	3793	4546	6896	10753	12077	13484	14894	15706	16431	17500	18565	19559	
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95	710	1470	220	3238	3630	4639	6500	10761	12083	13624	14909	15793	166-34	17513	16616	19569	
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157	764	1254	2352	3261	3920	4750	7637	10616 10817	12124	13721	15040	15857	16582	17567	18706	19611	
156	780	1518	2476	3743	3051	4400	7713 7843	10821	12129	13724	15043	15659	16583	17578	18711	19612	
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368	1091	1643	2429	3371	4060 4079	5255	8571	11888	12274	14258	15235	15983	16663	17973	19120	19762	
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377	1094	1093	27:37	3:178	4119	5417	<b>P600</b>	11706	12280	14287	15234	15997	10096	17981	19225	19837	
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415	1127	1723	2775	3406	4160	59440	80514	11792	12345 12358	14347	15334	16057	16821		19330	19887	
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482	1155	1613	2940 2963	3434 5170	4200	0164	9201	11863	12412	1447a		16114	16957	18141	19358	19923	
499	1172	1827	2969	3479	4211	6181	9:25	11836	10492		15395	16120	16863	18142	19391	19929	
503	1187	1845 1846	234443	3548	4:256	6190	9227	11940	12426		15103	16127	16996	18164 18165	1940 <del>9</del> 19412	19936	
504 507.	1198	1848	2594	3554	4248	6014	9008	11641	12430	14486	15411 15412	18129 16162	17001	18166	19414	19968	
808	1240	1871	CHER	3544	4:401	6214	95_7	11859	124:44	14542 14563	15426	16179	17006	16177	19418	19973	
509	1242	1880	2913	3578	4720	1	9547	11874 11887	12577	14564	15448	16232	17087	18209	19429	19977	
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526	1297	1940	2912	3619		6261	9926	11901	12609	14586	15514	16251	17096	18231	19444		
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368	1341	2016 2037	2951 2853	30550	4374		20.30	11913	13657	14704	15529	16272 16281	17138 17296	18243 18258	19464 19491		
566 543	1369 1370	2042	2967	3533	44:17	6296	8932	11918	1:3712	14726	15534 15574	16282	17377.		19604		
572	1372	15044	3013	3634	1439	6.400	9933	11941	12728	14733 14755	15577	10283	17386	18292	19506		
675	1:1802	2046	3014	3640	4434	6560	9934	11949	12780 12744	14770	15597	16305	17288	18363	19507		
578 578	1390	2063		3641	141	4561	99~5	11971		14806	15588	16311		18365	19506		

By: CITIBANK, N.A., as Trustee

September 14, 1983

NOTICE

The following Debentures previously called for redemption through the operation of the 5inking Fund have not as yet been presented for payment. DEBENTURES CALLED OCTOBER 15, 1973

DEBENTURES CALLED OCTOBER 15, 1977



Odd, how business picks up when you drop our name. Especially when your name is emblazoned alongside ours on a Parker RB1 Roller Ball.

A personalised RB1 can be yours for as little as £1.43.\* But don't imagine you're buying a cheap pen.

People who try our new Roller Ball are invariably impressed by the way it writes.

Its rolling ball glides as wetly as any fountain-pen across order forms and cheques.



Your name on its barrel reminds your customers to whom their orders should be addressed.

And to whom the cheques should be made payable.

In short, every time our pen is picked up, your business prospects look up.

As one of Parker's business prospects, we are naturally keen for you to try the RB1 yourself.

We'll send you one on six weeks' approval with a complimentary copy of our Business Gifts Catalogue.

(Thus giving you a chance, before you test our pen, to test the quality and speed of our service.)

Write now to Business Gifts Division, The Parker Pen Company, Newhaven, East Sussex BN9 0AU.

Or if you can't bear to wait for the postman, dial Newhaven (0273) 513233. The name to drop is Pauline Beet.



\*This price is exclusive of VAT and is based on an order of 500 pens with silk screen printing

By David Lascelles, Banking Correspondent

that Congress passed one of the keystones of U.S. banking legs more likely to rally the anti-lation: the 1933 Glass-Steagall hack An outgrowth of the Great thorough airiog of complex incomplex in the congress of the congre Depression and the wave of bank fatiures that followed, the act is typical of most of the laws that control the U.S. banking system: it is highly restrictive to bars commercial banks from the iovestment and securities business), and philosophically it reflects the fear and suspicion with which Americans have viewed their banks for genera-

tions.

By coincidence, Congress is marking the aoniversary by opening hearings this week on banking legislation proposed by the Reagan Administration to reverse the regulatory tide and allow banks for the first time in half a century to do more things rather than fewer. U.S. bankers. of course, are delighted. There have also been murmurs of approval from U.S. bank supervisors who are ured of trying to administer laws which have been made obsolete by the dizzy-ing pace of change in the banking industry or peppered with holes by Clever bank lawyers.

### Formidable forces in opposition

But this is not to say that the legislation is assured of safe passage. Rather the opposite. Formidable forces are lining up in opposition. More crucially, there is every reason to believe that the anti-bank sentiment tbat produced Glass-Steagall in the first place is still alive in Congress; it may even have been sbarpened by the LDC debt crisis and the widespread feeling dollar.

have bungled its banking de- of laws which confine banks to

IT WAS exactly 50 years ago regulation efforts by presenting thorough airiog of complex issues. The key figure in the debate is Sen Jake Garn, chairman of the Senate Banking Committee which will be hold-ing the hearings. A Republican who has launched banking deregulation inItiatives of his own in the past, Mr Garn favours new legislation in principle but is remaioing cautiously non-committal about the specifics of the administration's bill.

The Administration started the ball rolling last July when it proposed the Financial Institutions Deregulation Act (Flda) — a massive, rambling document which would amend no fewer than nine existing laws with two broad aims: to permit banks to engage in a broader range of businesses not directly associated with bank-ing, and to plug capacious loopholes which currently allow depository institutions which are banks in all but name to escape the rigours of banking supervision.

Insofar as there is is any broad strategy to the U.S. bank-ing deregulation drive — and even experts have trouble perceiving it—Fida marks the second stage in which will probably end up being a three stage process begun under President Carter. The first stage, which culminated in last year's Garn-St Germain Act, abolished interest rate ceilings abolished interest rate ceilings on bank acrounts and permitted banks to compete freely with investment vehicles like money market funds for the depositor's

that the U.S. taxpaper will end
up bailing the banks out of their
follies by lending billions to the
IMF.
Some observers even fear
that the Administration may
lation ": the easing or abolition
of lare.

Fida is supposed to tackle the
problem of "product deregulation." The third stage, which
could still be years away, will
deal with "geographical deregu-



Reserve chairman Paul Volcker (left) and Sen Jake Garn, chairman of the Senate Banking Committee.

bas to go that even if the pro-cess is fully completed, the U.S. will still have some of the most restrictive banking legislation in the industrialised world. By foreign standards, there virtually no innovation in U.S. hank deregulation; it is more like a big catch-up.

The impelus for Fida came from several sources. The most frequently cited is the pressing need to adapt U.S. bank law to the huge changes that are sweeping through the financial services industry and blurring the distinction between banks, investment houses and even

their home states. But it is a two problems: defining exactly measure of how far Washington what a bank is in this brave what a bank is in this brave new world, and allowing the banks a fairer chance against their less heavily regulated competitors without jeopardising their soundness.

But Fida was also a necessary follow up to Garn-St Germain. By abolishing interest rate ceil-ings, that Act may have given banks more freedom but it also pushed up the cost of attract-ing deposits. The resulting squeeze on bank profits strengthened the case for allow-ing banks to pursue new and more lucrative lines of busi-

investment houses and even According to a recent survey insurance companies. There are by accountants Arthur Ander-

sco and the Bank Administra-tion Institute, U.S. bank profita-bility could decline by about 10 per cent during this decade because of intensified competi-tion and the cost of developing new products.

But the survey also showed that bankers would like at this juncture to be able to expand geographically as well as by entering new businesses. This is why many of them feel stages two and three of the deregulation process should be tackled at once. If Fida goes through, it will only benefit those banks who have the resources and know-how to diversify their product range. Those whose best chances lic in opening up branches in other parts of the U.S. could get left behind. But Mr Garn, who is probably in the best position to know, says there is not enough support in Congress for geographical deregulation, largely because the small banks, who are a powerful grass roots lobby, fear they would be trampled underfoot by a big city bank invasion. Pressure for reform has also

been coming from U.S. bank supervisors. notably the Fed (whose chairman Mr Paul Volcker will be the opening witness at this week's hearings), the Federal Deposil Insurance Corporation and the Office of the Comptroller of the Currency. Aside from their concern about bank profitability the insurance insurance where no restrictions are proposed. Not surprisingly, the insurance insurance in the content of the currency. about bank profitability, the supervisors want a broader mandate from Congress so as to be able to regulate the new argument is that hanks would banking industry proper enjoy an unfair rompetitive adbanking industry proper, enjoy an unfair rompetitive ad-specifically creatures called vantage because of their "non-bank banks" which have special access to credit. But all the attributes of banks but words will probably be less

fall outside the supervisors' aegis for technical reasons. In fact Mr Volcker is so concerned about the increasingly chaotic state of his regulatory kingdom that he has called for a moratorium on all new busi-ness ventures that fall into the

### THE KEY PROPOSALS

Deregulation Act proposed by the Reagan Administration would allow U.S. banks to husiness activities, more in line with the practice in Europe. But at the same time would expand the definition of a hank to bring more financial institutions within

the compass of bank regula-

Under its provisions banks would be allowed to:

Engage in most forms of insurance without restriction.
Invest in real estate development to the extent of 5 per cent of Ibeir capital.

"Affiliate" with a securitles firm in order to conduct a limited range of securities business, such as underwriting municipal bonds, managing mutual funds and securities trans-• Engage in "servtees of a

financial nature" to defined by the Fed. On the regulatory side the ● Close keepholes that allow some deposit-taking institu-tions to escape bank regula-

Oblige banks to conduct their new business through separate subsidiaries. • Streamline the regulation

 Pre-empt state laws that are more restrictive than federal • Provide for similar changes to the regulation of savings and loan institutions.

grey arca. But Mr Donald like executing investor's buy Regan, the Treasury Secretary, is opposed because it would remove much of the urgency

Basically, the dividing line

between commercial and invest-ment banking remains, marking a major victory for the Wall Street lobby. (This has not pre-vented Wall Street from seeing vented wall Street from seeing all sorts of wedge ends in Fida, but Wall Street has always pro-tected us turf with vigour. However, the commercial banks, insurance industry is gearing up who would dearly like to see Glass-Steagall go, are gratclul for whatever is offered them, for a big battle to resist this major encroachment. Its main and they are doing their best to sink their differences over the proposals in order to get them through.

words will probably be less effective than the formidable Fida may turn out to be more important for its proposed changes to the bank regulatory lobby of Insurance agents who, like the small banks, make up system because these could pro in numbers what they may lack in financial clout. Because of this Congress will almost cer-tainly restrict banks' access to the insurance market. foundly affect the structure of U.S. banking and, as things stand at the moment, are more likely to be enacted. changes were included as part of the political give-and-take The provision to enter real estate development is more broadly controversial. The U.S. between the White House and officials at the Federal Reserve banks' record in real estate

who were only prepared to back finance is not a happy one, and Fida in return for more power. memorles of their ill-starred ventures with real estate invest-Thia was a specially sensitive ment trusts (REITs) in the early 1970s are still strong. Issue because the Fed was not only losing control of non-bank Potential for ronflict of interest also exists in cases where banks banks, but had also been threat-ened this summer with a reducsell mortgages on property they developed themselves. The Fed is known to be unhappy about tion in its powers by Congress because of its alleged failure to prevent the Third World debt this but it appears to have settled for restrictions on the Fida casts the Fed firmly in

authority very narrowly because policy." safety of the banking system one of the consequences of Fida and the belief that "banks are will be a shake-out in the financial services industry from which fewer, larger entities will emerge

greeted Fida would suggest otherwise, its provisions on new The Fed also insisted that business are actually quite banks be required to set up modest, and the document is separate subsidiaries to engage striking above all for what it in their new business ventures. does not do. For example, it again for prudential reasons to leaves Glass-Steagall virtually guard against conflict of interest and insulate the bank's in the securities line is affiliate with a securities firm to engage in a limited range of activities, deposits from the risks asso-ciated with diversification. This would also facilitate regulatory some of which they do already, equality between, for example,

bank's insurance subsidiary and a regular insurance com-pany. To make it easier for banks to set up subsidiaries, Ftda streamlines procedures for transforming banks into holding companies

In allowing banks to expand beyond their traditional role, fida is in danger of adding further confusion to the vexed question, what is a bank? The official definition is an inslimtion that both takes deposits and makes commercial loans, and not surprisingly there is already a strong temptation for bankers to escape that demintion simply by halting their commercial loan business and becoming non-bank banks. Fida would put a stop to this by creating a simple but broad definition that covers most evenmalities arising from deregulation: a bank is an institution that qualifies for deposit insurance, in other words vir-tually any organisation that accepts deposits.

Other provisions in Fida aim to tidy up the growing dis-crepancies between federal and stale banking law by stating that federal law pre-empts any state laws that are more res-trictive, and provide for broadly parallel reform of the sayings parallel reform of the savings and loan industry. But while the administration may have good reason to try and pull the whole of U.S. banking law together, both these provisions poke slicks into notorious hornets nests and have only added extra—and unnecessary
—opposition to Fida.

### More lenient regime is threatened

States are extremely jealous of their rights anyway, but many arc under pressure from their own constituents to be restrictive and keep out change like South Dakota, are quite the opposite. They want a liberal banking image to attract business and are racing to see who can deregulate fastest. As for the savings and loans, their own regulatory set-up is already more lenient than the commer cial banks' (they were granted broad diversification rights last year; and Fida would actually set them back. The administra-tion's astonishing failure to take this into account has ensured that the S and L's and their regulators too, have joined the ranks of the oppo-

settled for restrictions on the amounts banks can commit. Again, the real estate lobby is giving loud voice to its opposition.

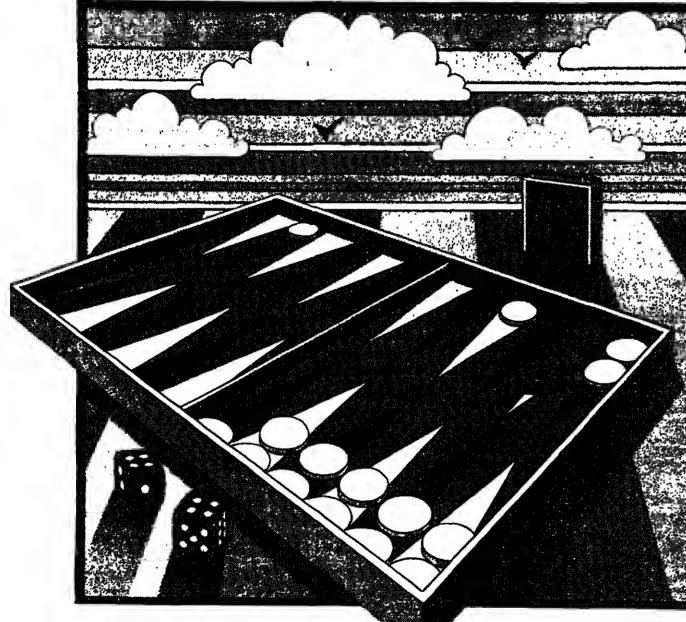
A victory for the Wall Street lobby

The Act also gives the Fed discretion to list further "services of a financial nature" for banks to enler. But though this looks—and is intended by the administration to be—broad, the Fed is expected to read this looks—and is expected to read this looks—and is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this looks—and to be—broad, the Fed is expected to read this limits the to be too great. The end of the opposition.

The Regulators too, have joined the ranks of the opposition.

The Reagan tesm did not expect. Flda to go salling through, of course, and it set up a special team in the Cabinet Council on Economic Affairs under. Mr Tim McNamar, the Deputy Treasury Secretary. The Act also gives the Fed discretion to which it will lead to an undesirable with Wall Street, the insurance and real estate industries, and the savings and loan lobby limed up a special team in the Cabinet Council on Economic Affairs under. Mr Tim McNamar, will affect its safety and sound to do to be horse-trading. But with Wall Street, the insurance and real estate industries, and the extent to which it will lead to an undesirable with Wall Street, the insurance and real estate industries, and the extent to which it will lead to an undesirable with Wall Street, the insurance and real estate industries, and the extent to which to do the horse-trading. But with Wall Street, the insurance and real estate industries, and the extent to which to do the horse-trading. But becomes a matter of public to be too great. The Reagan polley." However, no one denies that not consider banking deregulation to be a high priority (though Mr Reagan is pushing hard) and it may well decide against taking on so many downhome lobbles with major elections only a year away. Senate banking sources predicted last week that Mr Garn would probably try to mark up legislation to plug the worst loopholes in bank law and leave it at that for the time being. An aide commented: The feeling is that we've voted \$8.4bn for the IMF and that we've done quite enough for the banks."

### White aims to maximise the chances of a hit, and minimise the chances of a gammon or backgammon. Having rolled a double four, what is White's best play now?



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in language, law and way of life. It's a whole new business game. But not to Creditanstalt, Austra's leading national

and international bank. More particularly, to our London and New York branches and our associated company, Allgemeine Finanz-und Waren-Treuhand AG, AWT

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# **CONTRACTS AND TENDERS**

the Fed is expected to read this

of its primary concern for the

Although the furore that

intact: all that banks may do

# REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic) MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

(Ministry for Energy and Potrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Company for the Exploration of Orlivells) NOTICE OF INTERNATIONAL CALL FOR TENDERS NUMBER 0950/A1

The Entreprise Nationale des Travaux aux Puits is launching en International Call for Tenders for the supply of: SPARE PARTS FOR M.T.U. ENGINES

TYPES BY AND 6Y - 396TC32 (3 SETS)

This Call for Tenders is Intended for Manufacturing Companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Coll for Tenders may obtain the specifications from the following address: Encreprise Nationale des Travaux aux Puits 2 rue du Capitaine Azzoug

Core-Rouge, Hussein-Oey, Alger (Algiers), Algeria Genargement Approvisionnement at Transports (Supplies and Transport Department) with effect from the dote on which this Notice is published.

Tenders, of which five 15) copies should be prepared, must be sent in a double sealed envelope, by registered post, to the "Secretariat du OAT" (Secretariat of the Supplies and Transport Oepartment) at the above address.

The outer envelope should be completely anonymous, bearing no company insignia, and stating simply "APPEL O'OFFRES INTERNATIONAL NUMERO 0950/AI — CONFIDENTIEL — A NE PAS OUVRIR" (International Call for Tenders Number 0950/AI — Confidential — Oo not open). Tenders should be sent to arrive by 12.00 hours on Saturday,

8 October 1983, at the very latest. Selection will be made within 180 days from the closing date of this Call for Tenders.

# **LEGAL NOTICES**

IN THE MATTER OF

De MONTFORT PAPER COMPANY
LIMITED

AND IN THE MATTER OF

THE COMPANIES ACT 1948

NOTICE IS HERERY GIVEN that the
creditors of the above-nemed Company,
which is being voluntarily wound up,
are required, on or before the 31st day
of October, 1983, to send in their full
Christian and sumames, their addresses
and descriptions, thill particulars of
their debts or cleams and the names
and deforates of thair Solicitors (day), to the undersigned Shan Mills,
of I Wardrobe Place, Carter Lane,
London ECAV, SAJ, the Joint Liquidator
of the send Company, and, if so
required by notice in writing from the
coid Joint Liquidator, also cereanally
or by their Solicitors, to come in and
prave their debts or claims at auch
time and place as ahell be specified
in auch noisee, or in delaufi thereof
they will be excluded from the benefit
of any distribution made before such
debts are proved.

Oardd tha 7th day of September, of any distribution made debts are proved.

Oarod this 7th day of September,

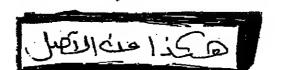
BRIAN MILLS,

IN THE MATTER OF
COMPANIES ACT 1948 ANO
SPORTSPACE LIMITED
NOTICE IS HERERY GIVEN PURSuani ID
Socian 293 of the Companies Act, 1948
that a MEETING of the CREDITORS of
the above named Company will be held
at the officea of Single & Company.
Chartered Accountants, of 422 Alexandra
Avenue, Hairow, Middlesses Avenue, Hairow, Middlease on 21 Sociember 1983 at 10.30 am. Jur she purposes mentioned in Sections 294 and 295 of the Said Act.
Oated this 5th day of September 1983

Ay Order of the Aceid, T. M. BYRNE, Directol.

IN THE MATTER OF
COMPANIES ACT 1948 AND
WIMBELIZA LIMITEO
NOTICE IS HEREBY OLVEN Pursuant to
Suction 293 of the Companies Act 1948
that a MEETING of the CREDITORS of
the above named Company will be held
at the offices of Singly & Company
Chartered Accountants, of 423 Alexandria
Avenue, Hairnew, Medicleser on 21
Soptember 1983 at 10 00 am Lut the
ourpases mentioned in Socieons 294
and 295 of the Said Aut
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Osted the Said Aut

By Order of the Board. T. M. BYRNC.



# FINANCIAL TIMES SURVEY

Wednesday September 14, 1983

# Magnus Oil Field

PRIME MINISTER Margaret Thatcher will today formally in-augurate British Petroleum's £1.3bn Magnus field develop-ment project amid all the razzmatazz so beloved of North Sea

oiknen.
A satellite stationed 22,300 miles above Gabon and three television personalities will help to ensure that the ceremony, performed in London, also in-volves dignitaries assembled on

voives dignataries assembled on the Magnus platform and at BP's Aberdeen base in Dyce.

The complicated links serve to illustrate the sophistication of communications now employed by North Sea operators while tha tub thumping is seen by the industry to be appropriate given the significance and ambitious nature of the Magnus project

nature of the Magnus project.
There will be plenty of super-latives flying about today.

For instance, BP is pioneer-ing the large-scale use of seabed production systems in re-mote, deep-water field condi-tions. Seven sub-sea wells are to be used to exploit those parts of the reservoir which are out of reach of the main production platform. One of these wells was used to bring on stream the field, at an initial rate of 15,000 barrels a day, on August 14.

### Remote control

A novel, remotely-controlled seabed plough was built to bury the flow lines in and around the Magnus Field while a new type of unmanned underwater inspection vessel-the Marine Maintenance and Inspection Machine—has been developed to carry out inspection and maintenance tasks normally undertaken by divers.

But it is the production plat-form, the bub of the Magnus development, which dominates the project. Standing in 613 feet of water—the deepest so far tackled by North Sea field developers — the weighs some 70,000 tonnes making it the biggest single steel offshore structure in the world, according to BP.

BP today inaugurates its Magnus Oil Field amid a chorus of fanfares. The field, which incorporates the world's largest single steel offshore structure, has necessitated pioneering development techniques in which British industry has played a full part

# Satellite send-off

By RAY DAFTER, Energy Editor

much smaller. Recoverable oil reserves in

Magnus is also very much a Recoversble oil reserves in Magnus is also very much a UK enterprise. Discovered and 565m barrels, amply sufficient to maintain a plateau production rate of 120,000 barrels a day of crude and 9,000 b/d of pipeline, while the associated gas liquids, Future commercial fields on the UK Continental Shelf could be but one-tenth of that size.

Magnus is also very much a UK enterprise. Discovered and UK enterprise. Discovered and UK enterprise. Discovered and developed by a UK company its oil will be landed at Sullom voe in Shetland, wia the Ninian gas of some 60m cubic feet a day is to be delivered to British Gas Corporation via the newly commissioned northern legs. that size,
A new study by stockbrokers pleline of the Shell/Esso Far Wood, Mackenzie has identified nine UK oil fields for which development plans could be Of the \$1.30n invested in the

formulated in the next 18 Magnus project, more than 80 months to two years. The comper cent has been spent in the bined recoverable reserves of UK. Two main contractors, six these nine are not much greater major fabricators and more than those of Magnus-between than 1,400 sub-contractors and

The platform has to be sturdy 660m and 790m barrels. At the suppliers were involved in the

The platform has to be sturdy given that Magnus is also Europe's most northerly field, situated some 125 miles northeast of the Shetland Islands and prone to the most severe operating conditions: wind speeds of 100 miles an bour and wave heights of up to 100 feet.

That belps to identify some of the problems facing the UK offshore industry and underlies why BP, as operator of the Magnus Field, wanted to make a song and dance about to day's inauguration. In a way it marks the end of an era. It is considered by BP for the Magnus.

The "buy British" policy of day) these reserves would be exhausted in less than a year. That belps to identify some of the problems facing the UK offshore industry and underlies why BP, as operator of the Magnus Field, wanted to make a song and dance about to day's inauguration. In a way it marks the end of an era. It is doubtful whether there will be may more North Sea fields like Magnus.

Buy British'

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Buy British'

Magnus is also very much a suppliers were involved in the development.

The "buy British" policy of the Juy BP base contributed to the apparent success of the UK off-shore industry in recent years. Since 1980, according to Energy Department statistics, UK suppliers have been winning around 70 per cent of the morth of populations of the problems facing the UK off-shore industry in recent years. Since 1980, according to Energy Department attatistics, UK suppliers were involved in the development.

The "buy British" apparent success of the UK off-shore industry in recent years. Since 1980, according to Energy Department attatistics

companies were awarded find themselves left out of future £1.64bn worth of orders for licensing rounds given that the goods and services, some 73 per cent of the £2.26bn total. On the face of it, the Government's policy of ensuring that UK companies are given a "full and

companies are given a "full and fair" opportunity to compete for work seems to be succeeding. However, the figures are misleading, While the orders help to underpin the jobs of the 100,000 people employed in the UK offshore supply industry, they do not always boost the profitability or technological reputation of UK-based companies.

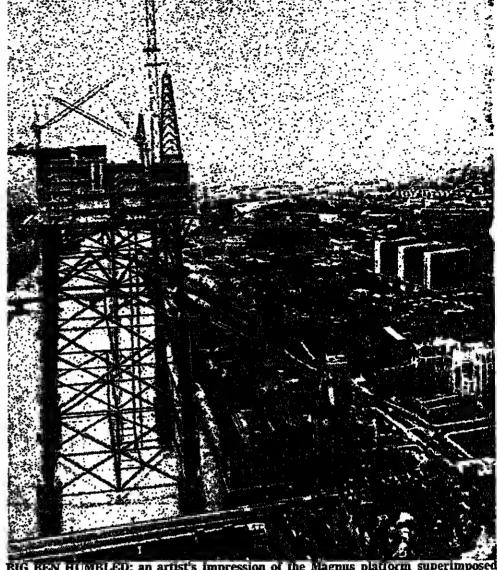
Many of those undertakings providing goods and services which are deemed by the Government to be British are more accurately described as local affiliates of overseas groups. For example, at Magnus, McDermott Scotland fabricated the piles which pin the platform to the seabed and Cameron Iron Works supplied subsea and platform wellhead assemblies. Both companies are U.S.-based. American money and technology still feature prominently in the UK supply industry although to a much lesser extent than in the early daya of North Sea develop-

Many in the Government and the UK offshore supplies industry are concerned that when the emphasis of deep water oil development switches from the North Sea to other parts of the world — China especially — those offering British technology will find it tough competing against those with established U.S.-based

With this in mind the Energy Department has introduced a new condition to its offshore licensing arrangements. Oil com-panies seeking new North Sea exploration licences have been asked to give an undertaking that they will assist in the development of UK technology. Those who refuse might well licensing rounds given that the drilling concessions are awarded by the Government on discretionary basis.

### Peak levels

This new emphasis on technology is well timed for figures presented at the recent World Petroleum Congress in London show that oil exploration in the UK sector of the North Sea has returned to the peak leaves of returned to the peak levels of the mid-1970s. Energy consul-tants Gaffney. Cline and Associates who prepared the



BIG BEN HUMBLED; an artist's impression of the Magnus platform superimposed on a view of Westminster, London. The structure has been placed in one of

the most hostile areas of the North Sea CONTENTS

Contractors: breakdown of how the work was allocated II

Planning: how BP turned a marginal field into a winner II

The field: size and location have presented the major problems III

Services: a look at transport and

Interview; with Dr Alan Horan, general manager for major oil projects for BP Petroleum Development (UK) III Safety and environment: an examination of the stringent regulations in force IV Oil in the North Sea: search for new fields stepped up IV UDI's plough machine: how new

technological ground was broken to

bury pipelines IV

Thanks to everyone who master-minded our Magnus. Now BP will answer questions on their specialist subject: Recovering oil in almost impossible conditions. Q: What sort of climatic conditions could be encountered in the North Sea? A: 100 mph winds creating 100 ft waves. Q: Name one oil platform capable of working in such conditions. Q: Name the largest single steel structure in the world.
A: Again, Magnus. It weighs 34,000 tonnes. O: How tall is Magnus? A: 1,014 feet. That's taller than the Eiffel Tower. Q: How much power does a platform of this size require? A: About 75 Megawatts-practically enough electricity to supply the whole of Oxford. Q: What is the total length of the Magnus' cables?
A: 1,050 miles. They'd stretch from London to Edinburgh three times. Britain at its best. Q: Is there anything BP would like to "pass" on?
A: Only their thanks to everyone who helped, with brains and brawn, to make the Magnus Development a great British success.

# WHAT'S MOVING IN THE ENERGY-WORLD



### **NUOVO PIGNONE AT MAGNUS FIELD**

One of the three high pressure export gas compressor modules supplied to the BP Magnus Field platform.

These single-lift modules, on three-point baseplates, were string tested at Nuovo Pignone's plant before shipment.

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hydrii

Hydril-Aot congratulate British Petroleum on their achievement in designing and building the Magnus platform.

Hydril-Aot were proud to participate in such a venture, designing and supplying a completely micro-computer controlled oil and gas measurement system pre-commissioned and prepackaged which employed the latest in flow measurement technology.

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# How the contracts were allocated

While Magnus will be among the last UK oil fields to be developed without the 'marginal field" label, the way it has been organised already reflects the drive for economy and efficiency being demanded increasingly of North Sea developments. A combination of in-house and contracted management efforts has co-ordinated the project from design to installation and commissioning.

The platform itself occupied the efforts of two main contractors, six major fabricators, and 1,400 sub-contractors and supnliers, from its design through to its installation and hookup. In addition to this effort, agement contracts, transporting the field's oil and gas required two new pipelines to be laid across the ever-growing web of northern offshore gas and oil lines by two more contractors.

Drilling the all important wells from the first, May 1974 discovery well, right through to covery well, right through to the recently completed remote, subsea producing wells has involved two drilling contractors already and a third will take over when platform drilling begins in October.

BP managed these operations

contractors.

The principal efforts facing contractors on the project can be divided into five, often interlinked, areas:-• Design and management of the platform construction,

 Pipelines operations. Drilling and completing wells.
 Fabrication and installation

The project was organised to

### **Pipelines**

allow for all pipelaying to take place while fabrication of the platform jacket and modules was going on, allowing pipelay-ing to take place without inter-

experience gained both from from the deep, nostile waters running new projects and constantly altering established platforms to meet unexpected requirements.

Italy's Saipem
used the world's most advanced pipelay vessel, the self propelled, semi-submersible Castoro Sei, to lay both the 24-inch, 92 kilometre, main oil line and the six-inch flowlines, totalling 35 kilometres to the seven remote subsea wells.

Although BP had originally planned to lay the flowlines in 1982, after the platform was set, it opted instead for a oovel method of laying the flowlines offered by Saipem. This re-

quired them to be laid before the platform was employed. The main oil line was laid from May to July, 1981, and the flowlines were laid in September of the same year. The oil line crossed three other lines oo its way to Ninian Ceotral, and special bitumen mattresses were constructed to enable the crossings. BP estimates the contract cost of the main oil line at £26m. Six of the flowlines were laid by making three sweeps across the platform location and laying steel canle between sections of the pipeline as it crossed the platform site. While precise navigation was required, this saved a considerable amount of

BP managed these operations in house except for the laying of the Magnus gas line which was operated by Britoil during the construction phase.

More than 80 per cere contracts in the second of the port line which BP shares with Britoil's Thistle and Conocc's Murchison fields and the FT and the Innovative technique was developed for the laying of the 20-inch 79 kilometer gas export line which BP shares with Britoil's Thistle and Conocc's the Innovative technique was developed for the laying of the 20-inch 79 kilometer gas export line which BP shares with Britoil's Thistle and Conocc's the Innovative technique was developed for the laying of the 20-inch 79 kilometer gas export line which BP shares with Britoil's Thistle and Conocc's the Innovative technique was developed for the laying of the 20-inch 79 kilometer gas export line which BP shares with Britoil's Thistle and Conocc's the Innovative technique was developed for the laying of the 20-inch 79 kilometer gas export line which BP shares with Britoil's Thistle and Conocc's the FT and Thistle and More than 80 per cent of the contracts involved with the project so far have been placed in the UK with most of the remainder falling to European in the hostile opening days of Marie 1988. The Brown and contracts involved with the project so far have been placed in the first three kilometres of the line from Magnus in the hostile opening days of Marie 1989. March 1982, laying a control ball-valve "down-the-line" at the three kilometer mark.

The operation, repealed with the line's other control valve at Brent and with three sub-sea T-junctions, avaids the costly oper ation of installing them with divers and underwater welding. The early start to laying of the platform before it was set. Laying of the line, built by Britoll but now operated hookup of the topsides facilities.

The early start to laying of the line, built by Britoll but now operated here in the summer of 1922 and same to the sea which pin the jacket to the sea hed.

The job did not hold the built by Britoll but now operated here in the summer of 1922 and same to the sea which pin the jacket to the sea hed.

with Murchison gas.

But for John Brown Offshore
Thistle will begin flowing in the setting of the jacket marked

Expro organises a project on stages.

January, 1984. Like the Magnus tract was let in August 1975 to Balder in July 1982. the scale of the Magnus field The pipelaying involved project, it was under hudget, et the day the jacket was towed out and installed in 1982, the grooteon (UK) Ltd to experience gained both from the day in the day the column field in July 1982. around £58m.

### Drilling

The Magnus discovery and appraisal wells were drilled by Texas based drilling company Sedos, while the development drilling was begun by BP's Sea Conquest crew and taken over by Atlantic Drilling when Ben-Odeco bought the rig and rennamed it Ocean Benloyal. Subsea wells were manufactured by longstanding U.S. wellhead manufacturers Cameron Iron Works. Platform drilling, due to begin in October, will be by

BP decided early on in the project to go for a conven-tional steel jacket platform but to divide work into two main structure, or topsides. The activities — structure, or "jacket," and topsides. The job of co-ordinating the engineering design, procurement and installation of the jacket went to John Brown Offshore Limited while the similar task of organising the platform top-sides went to Matthew Hall Engineering Ltd.

The two operations were conducted simultaneously with topsides module fabrication fioishing within weeks of the planned Installation date of the

### Jacket design and fabrication

John Brown bired its sub-sidiary John Brown Earl & Wright to carry out most of the jacket design, while Nlgg Bay-based Highlands Fabricators won the job of fabricating the world's largest single steel structure. In turn, major con-tracts were let to Japan and to other British yards to supply the steel, to fabricate "leg nodes" (which join the jacket's four buge legs to its support bracing) and the steel piles

in the summer of 1982 and came Leg Platform, or the Meureen on stream in July of this year Fleld's steel gravity structure.

THE WAY a major North Sea ference from the platform. Drilloperator such as BP or Shell ing continued throughout all not join the production until ment: "From the day the consemi-submersible derrick barge
Expro organises a project on stages.

January, 1984. Like the Magnus tract was let in August 1978 to
Balder in July 1982.

Headen under a week—by Heerema's

semi-submersible derrick barge

for the Magnus will an equally important achieve—
semi-submersible derrick barge

stages.

January, 1984. Like the Magnus

tract was let in August 1978 to

Headen under the control of

sister company, Earl & Wright, was called into supply the upending system to set the self-floating platform on the sea

bcd.
To cut costs, the company employed the capsule used previously on the Ninian Southern platform. The setting operation, however, developed a hitch mid-way. Ten of the 14 piles installed to add bouyancy during setting fell off swider. during setting, fell off causing the jacket to list 20 degress. Computer simulations, worked out before hand, were employed to cnable the event to be over-come and the jacket was finally set on April 4—three days after upending begon.

### Topsides

Design of the topsides went into top gear on April 1 1979, according to Matthew Hall, with fabrication beginning et five North Sea yards in early 1980. Matthew Hall had the job of bringing to reality an array of 19 modules, installing them and overseeing hook up.

overseeing hook up.
The platform's 19 modules were built et five North Sea yards in northern England, Scotland and Holland. The Scotland and Holland. The modules were towed to alte in July and installed in record time

shill

Hookup, under the control of Grooteon (UK) Ltd then began budget and the programme with the principal activity being never changed," says the company. According to BP, this is within a budget of £132m.
Furthermore, tow-out took place on the day scheduled, March 27 1982.

John Brown's San Francisco sister company, Earl & Wright.

and controls to the field's remote subsee wells.

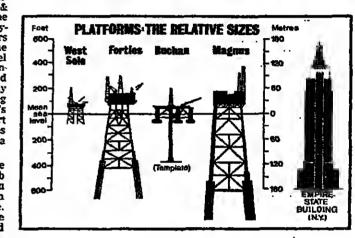
The Msureen Field platform avoided much of this work by linking topsides and structure inshore just as has been done with the massive concrete struc-tures on some other Norwegian and UK fields. BP has yet to adopt this method, and there is not universal acceptance of the notion that it is the best way

notion that it is the best way to save costs.

For Matthew Hell, the project is the biggest in its 10-year history. The company is especially pleased with the advanced safety features of the platform—including a microprocessor elsrm system—and with the lighter and simpler system of separating gas and natural gas liquids (NGL). The system employed rejects the more conventional refrigeration unit method of separating out NGL's in of separating out NGL's in favour of a turbo expander which cools gas by reducing its

pressure. Hookup operations are likely to wind down towards the end of this year, and already, with first production under way, the platform facilities are being shared by permanent operations staff end construction crew.

James Ball



# Tough test for planners

that the cost of implementation would be disproportionately high despite the know-how gained from the first phase of North Sea development and advances in technology.

It presented the toughest engineering test yet encountered on the UK Continental shelf with all the associated difficulties of accurately forecasting

Original estimates of recovereble reserves were about 450m barrels a figure subsequently revised upwards to 565m barrels -compared with 1.96bn for Forties, which had come on stream in 1975 et a cost of about

In 1975-76 Chevron's Ninian field was undergoing develop-ment at a cost of £1bn to produce oil at a rate of 120,000 b/d. Following the oil price explosion of 1973-74 the price of crude oil had been declining gently in real terms and continued to do so until the early part of 1979. Nevertheless, after exhaus-tive engineering and economic studies BP decided early in 1978 to proceed. The cost was estimated at \$1.3bn. The comestimated at \$1.30n. The com-pany concluded that, despite the inevitably high cost of development, Magnus could yield an adequate rate of return within the context of the company's overall strategy—but only through the appli-cation of largely untried tech-

helped by the existence of two plpeline systems to the north-east of the Shetlands. There was spare capacity in the Brent system, the nearest of the two, but it looked to be insuffi-cient to cater for Magnus.

In the event Amoco and Conoco negotieted terms with Sbell-Esso for an option on it. BP settled for the Ninian system which bad ample spare

One sticking point in the protracted discussions with the Department of Energy after BP had submitted its planning application concerned gas and its transportation. Gas volumes from Magnus are small in com-mercial terms and not an im-

As it was, final approval of the project in December 1978 was given on the understanding that BP would make available the gas at the foot of the pletform as part of its project while working out a method with the British Gas Corporation and the British National Oil Corporation of transporting

cent.

# Sticking point

capecity and is operated by the group. And so it was decided that the oil, spiked with natural gas liquids, would flow via the Ninian system to Sullom Voe.

portant factor in the viability of the project.

A significant feature of the project—one essential to its economics—was the completion of subsea wells in advance of the laying of the structure and the commissioning of the superstructure so that production and cash flow could begin as soon as possible. Employment of satellite wells, instead of the construction of two platforms, was dictated by economics.

But the project also presented special challenges and inno-

The flow lines had to be buried for thermal insulation, a process which involved the use of a remotely controlled underwater tractor developed by UDI or Aberdeen and BP. Aided by tele-vision cameras the operator controls it through an umbilical which also carries power for the

Further complications arose from the fact that the main 24-inch pipeline to Ninian, laid in the summer of 1981, had to cross three other pipelines in the East Shetland basis—Dunlin-Cormorant, Brent-Comorant, end Western Leg Gas facibiles. These had to be opened up and bitumen ballast buffers placed over the top of existing buried pipelines.

Only after long study did BP —but only through the application of largely untried technology.

One consideration was that revenue would be enhanced by relief on the corporation tax on the proceeds from Forties under the North Sea "tax on the Magnus hould delay in Magnus but also Britation of Magnus would delay Murchison fields with Sbell
Coll Corporation of transporting the Brent system.

Coll Corporation of transporting the Brent system.

Coll Corporation of transporting the Brent system.

Coll Corporation of transporting decide on a steel structure for Magnus having initially considered concrete gravity platforms, tethered bouyant platforms and hybrid structures. That was because the seabed was this July, it is connected not at first thought to be unsuitable for pile-driving. It was evenfind BP

decide on a steel structure for Magnus having initially considered concrete gravity platforms, tethered bouyant platforms and hybrid structures.

That was because the seabed was at first thought to be unsuitable only to Magnus but also Britation of platforms, tethered bouyant platforms and hybrid structures.

That was because the seabed was at first thought to be unsuitable only to Magnus but also Britation of platforms and hybrid structures.

The outcome was the conMagnus having initially considered concrete gravity platforms, tethered bouyant platforms at first thought to be unsuitable only to Magnus but also Britation of platforms.

WHEN the Magnus field was tax payments even if it did not being appraised by British Petroleum in 1975-76 it looked to be very marginal.

The remoteness of the structure and depth of weter meant that the cost of implementation tax payments even if it did not Esso's Far North Liquids and of advances in the development Associated Gas system of hydraulic and steel hammers. Accounter platform was not commissioned last year) for A concrete platform was not commissioned last year) for a Concrete platform was not commissioned last year) for a Concrete platform was not required to be very marginal.

With off-sbore loading ruled said of advances in the development Associated Gas system of hydraulic and steel hammers. A concrete platform was not required to be very marginal.

With off-sbore loading ruled said of advances in the development Associated Gas system of hydraulic and steel hammers. A concrete platform was not required to be very marginal.

With off-sbore loading ruled said of advances in the development Associated Gas system of hydraulic and steel hammers. A concrete platform was not required to platform was not steel that the cost of implementation out because of weather conditions, a positive decision was addition. BP bad gained ex-perience with steel structures with its Forties development. And so John Brown Offsbore

was appointed at the end of 1978 to construct the largest single plece structure yet designed for the North Sea, higher than the National Westminster Tower in London. That dictated that the structure should be self-floating because there was not any barge

capacity big enough to bandle the finished platform weight. Tha two 34-fect diameter legs included in the design to give the required buoyancy, are divided into four separate compartments. They ere now used to store drinking water, drilling water and diesel fuels.

Magnus's " topsides "-the ondeck production and accommodation fecilities—constitute one of the most complicated superstructures yet built, not least because of the substantial installation of sophisticated processing acquirement and the fact cessing equipment and the fact that water injection was required from the start.

# Synchronised

Matthew Hall was responsible for the project management, engineering design, procurement and fabrication as well as the installation and commissioning of the project.

As part of the "hook-up" exercise, the placement of the modules, weighing a total of 31,500 tonnes, was completed within a week in July last year with the work carried out by semi-submersible crane-barge, Ralder Balder.

Balder.

The highly synchronised operation involved the laying and joining of 1,050 miles of cables of all varieties including the beavy cable needed to carry 11.000 volts produced from three gas turbine generators—enough, BP points out, to supply the electrical needs of a town the size of Swindon with a population of 85,000 people.

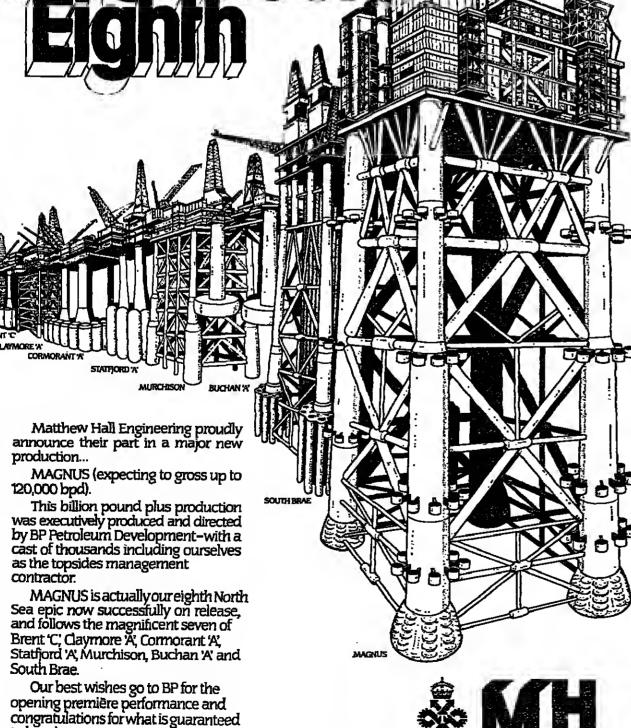
With three years or so to

with three years or so to go before completion, the project is on schedule and within the £1.3bn budget. As far as BP's income is concerned, Magnus will benefit from the phasing out of Advanced Petroloum Revenue Tax.

Revenue Tax.
The stockbrokers Wood.
Mackenzie estimated in April that the rate of return from the field would be 21.2 per cent, or 19 per cent in real terms. That can only be regarded as healthly for a high cost development. ment regorded as marginal seven or eight years ago.

Richard Johns





to be a long run. MATTHEW HALL ENGINEERING LTD, MATTHEW HALL HOUSE, 101-108 TOTTENHAM COURT ROAD, LONDON WIA 18T. TEL: 01-636 3676

Satellite send-off CONTINUED FROM PAGE ONE

statistics said that companies exports has also been high on the UK Continental Shelf in had responded to new tax in lighted by the award of new exports while working to ful-

years; companies have been encouraged by the way oil prices have been stabilised and they may soon be enticed into years; companies have been encouraged by the way oil prices have been stabilised and they may soon be enticed into further drilling by the award of a further, ninth, round of licences. (The pace of exploration will certainly need to be sustained if the UK is to continue as a significant oil producer into the next century.)

Shell, Tricentrol and Cluff Oti first hand the technological advances in the North Sea, During his visit he was due to visit BP's Forties Field, one of the first major developments which is still yielding oil at over tearty must have been beartened last week when Mr to be sustained if the UK is to Petroleum Industry, told Mr continue as a significant oil producer into the next century.)

The poteonal for technology to manage oil fields

Shell, Tricentrol and Cluff Oti first hand the technological advances in the North Sea, During his visit he was due to visit BP's Forties Field, one of the first major developments which is still yielding oil at over 450,000 barrels a day, around one fifth of total UK production.

And he is expected to be among the guests at today's technology to manage oil fields

ceotives while working to fulfil their licence drilling obligations.

Within the industry it is felt
that the exploration rate could
be maintained for several more
years; companies have been
encouraged by the way oil

fighted by the award of new exploration licences in one of the
most promising offshore exploration areas in the world, off the
extensive coast of China. Significantly UK-based oil companies
—notably BP, Royal Dutch/
shell, Tricentrol and Clutch/

be especially relevant to China.
In turn Mr Walker said that the
acquisition of British industrial
know-how was as important as the oil produced.

Mr Tang bas been seeing at first hand the technological ad-

# Location and shape the major problems

little time in confirming Magnus as an important oil

ocate

Par to

ners

The process started in 1972 when the company was awarded the drilling concession in block 211/12, some 125 miles north-east of the Sbetland Islands. corner of Magnus lies in block 211/7. If that block had been allocated to another company BP would have been involved The blocks were among the ceous geological peric impermeable sediments.

The amount of licensing Those were still early days in terms of North Sea developments akthough with the discovery working on the assumption that of North Sea developments although with the discovery over the two previous years of two huge fields—BP's Forties and Shell/Esso's Brent-the in-

### Concessions

During the aummer of 1973 in the 1990s. BP conducted detailed seismic surveys of its new concessions.

Examining the data geophysiciats identified a sizeable, potentially oil-bearing, geological structure running northsouth across the length of the oil trapped in the cock structure; and the rock structure; and the moment, bowever, such the moment, bowever, such the moment of the oil trapped in the moment.

dustry had come to appreciate

the attraction of exploration

Consequently, in March 1974 BP began drilling its first well, main problem confronting BP. almost in the centre of the A recovery factor of 45 per centre block, using the semi-sub-its extremely high when set mersible drilling rig Sedco 703. mersible drilling rig Sedeo 703, against production efficiences in By July 27, when drilling some of the other parts of the world. It is the shape of Magnus—nificant thickness of oil-bearing rock had been found in an overpressurised upper Jurassic sandstone structure some 9,498 feet deep.

In the following year a second

In the following year a second

BRITISH PETROLEUM wasted of the main Magnus Field. Following a great deal of

head scratching and evaluation work on the part of a team of geologists and petroleum engineers BP finally committed the drilling concession in block 211/12, some 125 miles northeast of the Sbetland Islands. Fortunately for BP it was also granted block 211/7 immediately to the north. It was later found that the northerly to exploit. to exploit. The reservoir itself, like most

in the East Shetland Basin, is a "stratigraphic trap," the oil BP would have been involved in complicated unitisation agreements and, perhaps, arguments over development plans.

The blocks were among the 282 allocated under the highest series of sandstone that was once eroded at its upper end and later sealed during the Creta-

> The amount of oil trapped it will recover no more than 565m barrels, or 45 per cent. It is too early to say wbether BP will eventually use enhanced recovery techniques to boost the overall rate of production; mucb will depend on the state of technology and real oil prices

A number of North Sea com-panies, including BP, are currently experimenting with enhanced recovery techniques such as the injection into the reservoir of gasses or detergents expensive.

But oil recovery was not the

positioned towards the northern

# UKCS Block 211/7 **MAGNUS FIELD** Block 211/12

BP realised it could not justify the cost of two major platforms. So BP decided to exploit Magnus by means of a single fixed platform, positioned not far from that initial exploration well, and seven well systems placed on the sea bed. These subsea completions, as they are called, have been located up to five miles from the platform so that they can tap oil reserves out of reach of the main plat-form production wells. The subsea units are linked to the plat-form by small diameter pipelines and umbilical lines carry-ing electrical and hydraulic cir-

cuits for the control of the well-

### **Pioneers**

BP has thus emerged as one of the pioneers of subsea production systems in the North Sea. It might well have found itself in the forefront of technology in another respect for at one stage BP engineers were also looking at the possibility of using a floating platform tethered to the seabed rather than a fixed steel structure. As it bappened it appeared that a tethered platform would have been even more expensive well was drilled to the north east. Although there were some indications of oil it transpired that the well had been sunk just beyond the boundary in that part of the North Sea, the hold the boundary and sonthern extremities of the so BP decided to stick with the reservoir. However, given the proven technology of a fixed extent of reserves, the depth of steel structure. In the end it was left to the Conoco consorsing that part of the North Sea, thum, in the North Sea's Hutton

Field, to pioneer tethered tension-leg, technology.

Although the configuration and location of the Magnus Fleld have posed many new problems the geological conditions have been much kinder to BP.

Unlike in some fields, the dstone rock is consolidated so BP is not expecting the costly nuisance factor of sand pro-duction. In similar vein there is very little sulphur contamination (0.3 per cent) in the light. high quality crude oil. Specific gravity of the crude is 39 degrees as designated by the American Petroleum Institute.

oil reservoir is surrounded by an aquifer (water-bearing rock) this water is not expected to help in the recovery of oil.

So BP will have to maintain the reservoir pressure by in-jecting 170,000 barrels a day of sea water at 3,000 lbs per square inch. Initial water injection wells have been located along the eastern peripbery of the reservoir. As with the pro-ducing wells, these injectors will be monitored continuously to ensure all is going to plan.

Ray Dafter

# Winding down the support services

down towards the end of this year as construction activity gives way to permanent opera-nons. Until then services will be largely co-ordinated by the Peterhead-hased construction project team for the field. At present, caterer ARA Ser-

At present, caterer ARA Services of Aberdeen estimates that over a four-week period it provides the field with 100 tonnes of food. Included in this are some 15,000 lbs of beef, 20,000 lbs of poultry, 2,400,000 eggs, and 28 tonnes of vegetables. ARA's 15-month contract let last summer, will re-bld after the operations-only period of the field begins.

Even with this contract, the caterer will need a new field development to employ the 140 development to employ the 140 people it has assigned both on and offshore to feeding and housekeeping for the Magnus project. The company has an over \$,500 horsepower and idea of what the future Magnus capable of reaching the field Dyce and already has seen work requirement would be, however, from Peterhead in 18 bours. on other BP fields as well.

phase of Magnus there have been more than 1,250 workers in the field at any one time to be looked after.

Activities will begin to wind down towards the end of this year as construction activity food every four weeks.

The transport of supplies and personnel to Magnus will alter dramatically once the opera-tions team takes over from its construction counterpart. At present, the project staff of BP and topsides management contractor Matthew Hall number-300 offshore, 180-200 at Peter-bead and 80 in London.

When the field is in operation,

control will shift to BP's Dyce, Aberdeen, production head-quarters. The shift is already slowly taking place on the marine transport side, but will take longer when it comes to co-ordinating the belicopter travel of personnel.

### Accommodation

While they still ferry supplies to the field, the plan is to have one moving, one in port and one at the field. The turoaround time at Peterhead is about 18 hours and the hoat in the field will have a similar time unless

The Sound Truck has been chartered for long term AHTS work on Magnus with a one-year charter and options for four annual extensions. It is run by Dyce and already has seen work

One, the Norwegian Edda Star, has already left. The charters on the other three (Atlantic Rolwi, Atlande Vest and Balder Torungen) only run until November when they may be extended in monthly periods into next spring.

BP has not yel derided to complement the Sound Truck with another boal, but the chances are that one of the ex-ronstruction hoats will be extended in monthly periods into next spring.

Ferrying of personnel rerying of personnel involves, at present, scheduling flights five days a week for three British Airways Chinook beliropters moving 132 people earh way on each of those days. Once the transport requiremeot romes down, BP is unlikely to use the grant 40-seater Chinooks, and is considering

Anchor handling requirements involve moving the arcommodation rig Pollycastle (home for 600 offshore workers) or moving the Good offshore workers) or moving the Good offshore workers or moving the good offshore kers) or moving the Occan
Benloyal drilling rig wblle it
is working on the field's remote
subsea wells.

The Sound Truck has been
The Sound Truck has been

James Ball

INTERVIEW WITH DR. ALAN HORAN

# Getting to grips with the North Sea

EVEN for a career oil man like he says: "With such shallow of the contract of the contract of the contract could not be greater. Earlier out in the tine, so to speak."

EVEN for a career oil man like he says: "With such shallow comparisons are difficult says "which was from the centre Dr Horan, who studied chemical point, so to speak, to the various engineering at Birmingham corners of the platform."

University and bas been in the contract of the platform. this year he became new general manager for major oil projects of BP Petroleum Deve-lopment (UK) aften more than a decade in charge of Ahu Dhabi's main offshore operation in which his company has an equity interest. But his first BP is having to manipulate observation on his switch to a reservoir pressures needed in new role, predominantly the maintenance of oil production, bowever. Although the field in the North Sea is the oil reservoir is surrounded by an aquifer (water-bearing rock) Abu Dhabi and the general BP

> Pressed a little, though, he will admit that there are differences. The minimum depth of the normally placid off-shore waters operated by Abu Dhabi Marine Areas is only 27 fr compared with the seabed 600 ft below the surface on which the Magnus platform stands.

> Referring to the "topsides" of Magnus, the eight-storey high production and accommodation facilities on the glant structure,

Yet the same principles apply for the Gulf and the North Sea, be says, namely that one completes as much work as possible on land. It guided management of the last ADMA contract under bis care and was applied to the Magnus project. Work off-sbore, as a rule of thumb, costs two-and-a-half times what it does on-shore. As it was, a similar programme was followed recently for the Zakum field, the second of two major fields operated and developed by ADMA. The offsbore develop-

### Complicated

Maximum recovery within reason—which can be a matter for debate—is the same objective in the North Sea and the Gulf (where governments can he very restrictive in their depletion policies). Beyond that tonnes which Dr Horan describes as "quite a strenuous and complicated exercise."

The most complicated part was the laying of the cable — over 1,000 miles of them—

ment in Abu Dbabi was reckoned to be in the forefront of tech-

management for the past 20 years. Sometimes you have a uniform body which you can treat as a big unit and others are bighly stratified."

Magnus is a complicated reservoir, as indeed were those of the ADMA's off-sbore fields where output started with a capacity of 30,000 b/d but was built up progressively so that the maximum permissible controls allow such a level is now 570,000 b/d compared with the peak rate for Magnus of 120,000 h/d. Dr Horan finds his new £1.3bn project has a character and significance of its own,

The "book-up" of the Magnus platform last July, involving the placement of 19 modules weighing over 31,000 tonnes which Dr Horan desscribes as "quite a strenuous and complicated exercise."

The most complicated part are operating.

### Meticulous

In particular, Dr Horan was impressed by the meticulous planning extending to the minutest details of individual tasks. " Everyone knew how the work was going to be done, what the materials were and what the sequence was-all of it, in a sense, on a sheet of paper." Much of the planning was done hy the superrisors who later were on the platform doing the actual job, he notes approvingly. Although Magnus production has started development is con-

tinuing. "Our main interest at present is to finish thoroughly this particular phase and then commission the drilling phase from the platform itself which should begin early in October." It will be another three years before all 15 producing wells

Richard Johns

# Fab built the Magnus of

Aworld-beater for size, it was ready for float-out on time, on budget and to specification. One record broken-another maintained. For all ten platforms built by Hifab have been completed to schedule this way.



Highlands Fabricators

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# Search for new oil fields is stepped up

MAGNUS IS one of the last of considerable steps towards a dying breed. The offsbore oil encouraging the exploitation of industry and the Government have come to recognise that than many in the industry had by the Magnua Field developers.

From now on oil companies will have to run faster in order to maintain the rate of production now being enjoyed in the UK sector of the North Sea as a result of early developments. The accompanying chart illustrates the problem.

In 1972 development was initiated in just three fields—
BP's Forties and Shell/Esso's Brent and Auk. Between them delighted. Brent and Auk. Between them these fields contained initial recoverable reserves of sround 500m tonnes, virtually all of this oil contained in Brent and Forties.

The present level of UK oil year) is greatly influenced by the output from these two fields. It would take the discovery of some seven fields of the size of the UK will badly need some Magnus to replace the resources. Magnus to replace the reserves produced from Brent and Forties, and this in spite of the fact that Magnus is a large Sbell the UK offsbore industry field hy worldwide standards.

Much more sohering is the realisation that it could take realisation that it could take 30 to 50 of the new smaller fields to replace the reserves of Brent and Forties. Oil companies helieve that future developments will involve the exploitation of fields with recoverable reserves of around 10m to 15m tonnes (73m to 110m barrols). Outsee the reserves of around 10m to 15m tonnes (73m to 110m barrols). 110m harrels). Quite a number of discoveriea now being evaluated by North Sea opera-tors are smaller still.

### High costs

Given the high development costs associated with virtually any North Sea development, a tax system designed to take up to nearly 90 per cent of net revenue in certain cases, and the prospect of relatively flat real-term oil prices well into the future, at its perhaps not surprising that many operators deprising that many operators de-clded to postpone the exploita-tion of newly found small discoveries. What did surprise the Government, however, was the extent of the oil industry's investment hovcort.

Over the past two years hardly any new development work has been initiated in the UK sector of the North Sea, a point raised by BP's Mr Alan Gregory, president of the Institute of Petroleum, when he point raised by 8P's Mr Alan
Gregory, president of the
Institute of Petroleum, when he
addressed the World Petroleum
Congress in London a few weeks
ago. He told delegates that reserves of nearly 2bn barreis
(273m tonnes) were left un-(273m tonnes) were left un-developed because they could not be tapped "hy a tax regime which took insufficient account of the economic and technical realines of operations on the UK Continental Shelf."

But the position was altered dramatically in March when Chancellor SIr Geoffrey Howe announced Budget changes to announced Budget changes to fixed their prices in line with the North Sea tax structure. Not market conditions. only did he ease the tax burden on fields already under develop- to allow the UK to be drawn ment or on stream, he also took into a production-sharing pact

future discoveries will be much dared to expect Sir Geoffrey smaller even if they have to sholished royalties which in be exploited in similar barsh fields currently on stream sre conditions as those encountered paid on the basis of 12.5 per cent of the gross value of pro-duction. In addition he also can he used to offset payment of Petroleum Revenue Tax.

All told the package of measures provided the industry with tax reliefs totalling over £800m in the four years 1983-87

Mr Gregory told the petro-leum congress that as a result of the tax changes at least a further nine fields could now be regarded as candidates for development. In quantity terms production, at sround 2.3m this meant that between 1 bn and barrels a day (115m tonnes a year) is greatly influenced by had been brought into the the output from these two fields.

will need to hring on stream each year fields with around 300m barrels (about 40m tonnes) of reserves if the

country is to stay self-sufficient

into the next century. That could mean initiating an oil development every three or four months, to say nothing of the work which will be needed to top up the country's flagging the production.

This is a tall order and it

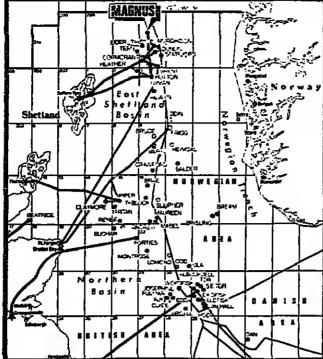
their output and exports, the

UK has continued to expand

production. North Sea operators

have always managed to find customers hecause they have

The Government has refused to allow the UK to be drawn



formulated by the Organisation of Petroleum Exporting Countries. Ministers have argued the cause of non-interference and free market forces. Needless to say, the Government is not anxious to see a production

cut-back which would reduce tax revenues. Oil taxes are now flowing into the Treasury coffers at the rate of over £9bn a year
—a far cry from 50 years ago when just £600 was collected in oil revenues from small-scale operations in the Midlands. By 1990 UK oil production is likely to he down to between

UK OIL FIELD DEVELOPMENTS

som and som tonnes annually. Given the time it takes to develop North Sea fields—Magnus has taken five years since it was declared a commercial prospect—there is little the industry can do now to alter the production profile in 1990.

production profile in 1990. What it can do is arrest the

rate of production decline from then onwards.

mid-1970s in spite of the con-

siderable amount of exploration

On the basis of present know

As with oil, offshore operators are now finding it undertaken or planned. In the case of gas, however, it

is not tax incentives which are pushing ahead development but the significantly higher prices now heing offered for de-liveries by British Gas Corporation, at present the only huyers of UK gas production.
That said, of companies have also begun to press the Government to extend tax incentives to natural gas reservoirs in the southern part of the North Sea. As It stands

of the North Sea, As it stands the abolition of royalties and tax allowances do not apply to the predominantly gas producing area between latitudes 52 degrees and 55 degrees. In the eyes of the oll industry this is an anomaly.

To support their case, companies point out that it is outled.

produced to the north or to the

There is still a great deal more oil to be discovered and recovered on the UK Con-tinental Shelf. According to Energy Department estimates hased on geological studies the south, in the English Channel. hased on geological studies, the offshore industry might eventually recover 31.5hn harrels yet heen found in UK waters (4.3hn tonnes) of oil from between latitudes 52 and 55, that the UK is now the world's fifth higgest producer.

While many of the other big producers have had to reduce their output and exports, the coverable reserves have the continuation of the other big producers have head to reduce the reserves have the coverable contain oil while the Beatrice oil field was found in an area snd development experience gathered in the past eight to 10 years. In 1975, for instance, the Government estimated that eventually 33,3hn barrels would be recovered.

Solution of the Moray Firth regarded ss wirtually bopeless by much of the oil industry. It would be surprising if there were no further surprises on the UK Continental Shelf.

ledge, then, there is a good chance that the offshore in-dustry will find and produce more oil than has been found so far. Proven and probable re-coverable reserves are now estimated to be about 10.5bn barrels (1.47bn tonnes).

In the same vein, there is also a considerable amount of natural gas still to be drawn from fields on the UK Continental Shelf. Proven and probable reserves of natural gas (methane) are estimated to be 971hn cuhic metres whereas the Government believes that ultimate recoverable reserves should be in the range of 1,430bn-2,123hn cubic metres.

much more attractive to exploit offshore gas reserves. This is horne out by the number of field developments now being

panies point out that it is quite possible they will find a sizeable quantity of oil in the southern sector of the North Sea—oil which under present circumstances would be taxed at a different rate from crude produced to the north or to the

Ray Dafter mum wave height of 100 feet. reclamation. It is also equipped



Magnus is one of the few Norh Sea fields to have its own specialised standby ship. Called the Seagair it is equipped to deal with fires and oil spills as well as carry out rescue duties

# Guarding against disasters

are inevitably a fundamenial second, preoccupation with any North Estim Sea development. The self-interest of any operator would be enough to ensure that pre-caution goes beyond mere respect for extensive regulations covering design, manufacture, installation, in-service inspection and operation of off-shore fields. The recent explosion on British Petroleum's Forties Delat oil platform was a disturbing reminder of the dan-gers. Mercifully, only 13 men were injured but the lives of

141 were gravely at risk. The cost of the damage has not heen revealed but is assumed to have heen substantial. Lost output from the plat-form of over 100,000 b/d was made up from increased output by the other three Any major disruption at Magnus, with its single installation, could not be compensated for in that way.

# Precise

Concern about safety and the environment involved in both the planning and execution of the Magnus project has been greater than any other in the North Sea precisely hecause it is the most northerly develop-ment, exposed to the most hostile weather, and in the deepest water.

Magnus is one of only a few fields in the North Sea to have its own specialised stand hy ship rather than the converted trawlers usually operated elsewhere. The vessel is equipped to deal with fires and oil spills, as well as carry out rescue

Some of the hasic facts, meticulously and necessarily worked out hy BP's Environmental Control Centre, give an idea of physical and meteorological the main crude oil pipeline st minute on any fire. Its oll spill the central platform of the Ninian field. The centre's spray booms, 20 tonnes of dispersant, and a skimmer for oil persant, and a skimmer for oil spill the centre's spray booms.

SAFETY and to a lesser extent. The predicted hourly mean to deploy a remote-controlled concern for the environment wind speed is 125 feet per submersible for inspection and

Estimated average rainfall for the area is in a range of 760 to 1.000 mm. Average humidity is \$3 per cent. Air temperatures vary from -1 degree centigrade to +21 degree centigrade. Visibility is below 1,000 feet for 4 to 8 per cent of the time in summer. The seabed is generally flat and gently sloping with no abrupt changes in depth. Magnus, like all other oll

and gas ventures in the North Sca, is covered by the emergency procedures established by the UK Offshore operators Association in conjunction with the Norwegian Industry Association for operating com-panies and Operators in Dutch and Danish waters. The field falls in the area known as the "Red Sector," one of six zones in the North Sca where Shell is the company responsible for co-ordination (hecause of its involvement in the big Brent com-plex) and would provide support in the event of a major emergency with its emergency support vessel, the 60,000 dwt Stadive with its unique tele-scopic access tower.

For Magnus, however, BP has invested in its own safety and support vessel (SSV) for first line Intervention. Constructed hy Richards Shiphuilders, the 2,700 dwt Seagair is 285 feet long and has a heam of 65 feet. It is designed for a crew of 52 people but could accommodate the full complement of the Magnus platform in the event of an emergency. It has a heliprovided for Sikorski S61Ns but capable of accom modating the higger Boeing either country.

Vertol 234 Four diesel-powered generators, each of 2,850 KV, supply power both for the transverse thrusters mounted fore and aft, context of the project. Water thrusters mounted fore and aft, depths vary from 636 feet at the as well as for ancillary equipwestern extremity of the field to ment. Its four fire monitors can Oily water associated with

output is being treated for re-moval in parallel plate inter-ceptors with the aqueous effluent from the production maintenance work. Subsea and platform wells have been or will be equipped with blow-out preventers and safety valves in line with the train also receiving treatment in a gas flotation unit prior to most modern oil-field tech-nology. It is reckoned that a blow-out from one of the subsea discharge to the sea. The 500-meter safety zone wells is extremely improbable. surrounding Magnus bas, in-A hlow-out could be caused evitably, added to the signifi-only through bad damage from cant area lost to fishing fleets

though any spill from them would he smeller. They are covered and automatically shut

in so that the contents would be released if there was a

From Magnus, as any other

and 130 from Norway—at least minimises the possibility of any

Through its Vlkoma subsidiary (sold last year) BP was in the forefront of one of the

oil spillages—containment and recovery with booms and

skimmera. As for dispersants, UKOA sdopted BP's kerosene-

As it is, Magnus is covered

being pumped into the water at depth while garbage is being compacted and stored in skips for shipment and disposal

first line of defence.

slick reaching the shores

rupture.

trawling gear or anchors-unlikely because of the physical as a result of North Sea oil and gas developments. It is on size and strength of the heads —or during maintenance from the trswler route from Hull and Grimshy to the cod, haddock, s semi-suhmersible drilling rig.
The chances of a serious misbap such as the one in 1975 on the Ekofisk Bravo platform are considered remote.

Recolumns

Granshy to the cod, haddopts, and platice fisheries of Spits, and pl

Breakage
The oil spill contingency plan for a hlow-out is also designed to deal with any oil spill from a pipeline hreakage.
The main plpeline is cathodically protected, covered with a coal-tar anti-corrosion wrap and coal-tar anti-corrosion wrap and concrete covering. The vulnerable, with respect to the concrete indicate that Magnus's development has had only a minimal effect on overall fish catches.

EP also investigated in depth Magnus will

BP also investigated in depth the impact on bird life. In this respect, of course, Magnus will only add to the disturbance of colonies of such cliff-nesting species as the auk resulting from helicopter flights from the Shetland Islands, s msjor ser-vicing base for the field and also one of the great breeding stations of the world.

# Exhaustion

off-shore field, a spillage could occur for a variety of reasons even if the most serious would result from a well blow-out or pipeline rupture. The remoteness of the field—about 120 miles from the Shetland Islands The centre concluded that the colonies most at risk were those at Noss and Hermaness. No centration of seabirds feeding in the Magnus area. It is be-lieved, however, that the auk vulnerable to oil spills, may swim in late summer through the Magnus area, the adults flightless because of moulting and the fledglings still not airborne, en route for Norway. hased concentrate, BP 1100 WD. Other migrations pass for overhead, with most at 5,500 feet and some as high as 21,000.

by RP Petroleum Development's contingency plan covering all its marine operations. UKOA holds stocks of dispersant and Evidence from the Forties plafform was that birds stopping to rest there might die of exspraying equipment which in an emergency would supplement those carried by Seagair, the haustion, be caught by guils and predators accompanying them, fall into the sea—or fly iton the flares. The presence of Environmental problems have certainly added to the com-plexity of the project. Sewage and waste from the plstform is structures is not completely negative as far as migrants are concerned.

"Birds settling on offshore structures would almost cer-tainly have failed to reach their ashore. A Drexel-designed system extracts oil and drilling mud from up to 10 tonnes a day of waste before there are a day of waste before the assessment of the magnus development. destinations were not for these

# Mark Meredith on the development of a unique plough **FORTHCOMING**

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# FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER**

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# How new ground was broken to bury pipes

PRODUCING oil at greater An earlier £1m project by control cable which is fed out depth in the cold and hostile UDI to develop an underwater through a powerful winch from waters around Magnus has tractor for sealed inspection a large cable drum, pushed back the frontiers of off- brought the company to the It is also ideally suited for UK to meet the demands of the mid-70s hut exploration in Magnus was a off commercially.

SO tonne underwater crawler In 1980 UDI was tractor able to perform heavy BP ss s prime sidiary of the John Brown

BP faced a problem with the flow lines carrying oil from the seven satellite sub-sea stations —seabed wellheads—four to seven kilometres away from the central platform.

at this depth and this far north meant that the oil could cool, become waxy and flow more

covering the pipe with concrete

was a help but ideally the
pipes needed to he buried.

Trenches for pipelines have been dug before, sometimes by a plougb dragged bebind a tug, sometimes by a sledge hlasting soil away with jets of air. The conditions around Magnus made both these techniques unsuit-

Project managers wanted a trench that would not harm the pipe and pulling a plough at this depth was out of the question. They also wanted to ensure that the pipeline was properly the surface and the plough re-buried and not left lying in an placed by another appliance to open trench.

The solution was a plough designed to dig a trench for ship on permanent charter, the of the gas pipeline which conthe pipeline about one metre Star Arcturus. A large A-frame nects many of the fields off the

shore technology. Among the Magnus project. The project, new equipment produced in the Seabug, was developed during UK to meet the demands of the mid-70s hut did not take

In 1980 UDI was signed by BP ss s prime contractor to duty tasks on the seabed. It has develop and manufacture the heen developed hy UDL a subremote controlled seabed. remote controlled seabed trencher. The project ran along-alde the stable engineering surveying and underwater television activities of UDL

# Powerful

The new machine would have to be not only powerful—but also agile and aoft footed enough to cross other pipelines without damaging them.

become waxy and now more stuggishly.

Thermal insulation—through 40 inch plpeline which connects the oil platform to oil and gas terminals onshore.

After construction at UDI's Aberdeen base, the remote con-trolled trencher underwent trials on a local beach in August

The trencher is a squat vehicle with hroad based, rubberised tracks powered by electric motors. It picks up the pipeline through a front end feeder which pays out through the back of the vehicle and through the throat of the plough which cuts the trench. The machine is then brought to

the stern of the ship by its terminals.

It is also ideally suited for the control cables which run between the sub-sea systems and the central plstform, the so-called umbilicals. These umbilicals carry the

hydraulic boses as well as electric power and signal cables. The cables can also be paid out from a separate drum on board the Star Arcturus and passed on to the trencher for hurying. The trencher picks its way

along the seabed using a net work of underwater television cameras and sonars fitted around the vehicle. A mechanical arm, also equipped rithout damaging them. with camera, can place and cut
The vehicle bowever was not cable when laid.

Mike Hosking, UDI's managing director and a former submariner, sees the logical extension of his company a activities.

"After all, you need to see what you are doing underwater. We bave remote control technology for the tooling side and technology for locating. We also bave the navigational side giving people the shility to find out where they are. As people move to more bostile areas, these technologies are going to become increasingly

Other johs have followed in cluding a Britoil contract to lay rebury the pipeline. umbilicals for the sub-sea con-The vehicle operates from a trols along the northern end and replace the ploughed crane lowers the trencher over east Shetland hasin to onshore

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# THE ARTS

# The Genius/Royal Court

### Michael Coveney

Brenion's translation of Brecht's Galilco opened at the National. His wonderful new play at the Royal Court takes up the theme of an innovator's responsibility in the nuclear age and ochieves an astonishing lift off into the related realms of education, the

The Genius is rich in pertinent argument, dense with beautifully hard and mobile characterisation, teeming with memorable stage pictures and bristling with Brenton's very best writing: flinty, impassioned, explosive. And not for the first time, the tiny Sloan Souare stage rises to the chal-Square stage rises to the chal-lenge of a large-scale plece with ingenuity, resource and a per-fectly tempered design language (courtesy of Peter Hartwell). None of that worrying, operatic dislocation of text and busy fiddling about which disfigured The Romans in Britain in the

The contemporary Galileo is a radical mathemotician on secondment from the Massasecondment from the Massa-chusetts Institute of Technology to an English university in the Midlands. Leo Lehrer is an exile, late 20th century style, who has flushed his horrifying discovery of how to unify the force fields down a lavatory after receiving overtures from the Pentagon. He has arrived to indulge in pure research and fends off the vice-chancellor's welcoming offer of a muffin in the rain with a fierce demand for unlimited computer time.

Brenion's translation of Brecht's Galilco opened at the National. His wonderful new play at the Royal Court takes up the theme of an innovator's responsibility in the nuclear age and ochieves an astonishing lift off into the related realms of education, the Cold War, student radicalism and political theory.

The Genius is rich in pertinent argument, dense with beautifully hard and mobile. winner.

Their duel, began in a whire of cataclysmic excitement in the campus woods, underpins the rest of the evening. Lehrer says be can no longer ploy the piano as the tunes would burn the oir. Gilly rejects this moral piety before being forced to face up to the dangerous reality of ber own school sums.

At this point the metaphorical power of the play steam-rollers any slight misgivings as to the credibility of Gilly as an Einslein-quoting prodigy who bas not even heord of Galileo. Drinks on the tawn with the vice-chancellor (a brilliant role, superbly taken by Gilya Spift superbly taken by Glive Swift, as good as the elegiac academic as good as the elegiac academic in Brenton's Magnificence 10 years ago on this very stage) are disrupted by a varsity rag of chillingly hilarious force. Acrid liquid is served by Gilly fully togged up in a skin of first degree hurse. first degree burns.

By this time, another rich vein has been tapped by Leh-rer's affair with his sponsor's wife. In a magnificent snow scene, their lust bursts through the interruptions of radical feminist games on Gilly's carved But Lehrer (yes, you remem-ber Tom's song too) is fooling and of a cycling eccentric (Alan



Trevor Eve and Joanne Whalley

David) later revealed to be a Joanne Whalley's Gilly has crucial, cynical red mole.

An alcoholic student is also there can be no more secrets. on hand to pressurise Leo on behalf of British intelligence.

Hugb Fraser and Anna Nygb as an academic couple torn and the university debate is memorably encapsulated in an academic showdown in the vice-chancellor's civilised den. With breathtaking economy, this pri-vileged nook descends complete with Georgian mouldings from the flies.

The action, in Danny Boyle's sniffing, promiscuous, a man fluent, ossured production, moves from campus grounds to a lamplit street by the Russian Embassy and finally to a protest group outside a nuclear missile and and enjoyable of the protest control of the production.

is held together by Trevor Eve as Lehrer: tough, cool, cocaine-

# 'A Streetcar Named Desire/Greenwich

### Martin Hoyle

Voltaire accused Marivaux of weighing butterflies' eggs in scales of spiders' webs. Tennessee Willioms's ebaracters keep the world at bay behind ramparts of spun glass manned with cannons that prove to be no more than roman candles.

Until recently written off in

The Greenwich season opens with an uncommonly strong evocation of his characteristic themes. Blanche Du Bois is the archetypal Williams wounded hird taking refuge in wistful delusion. If Vivien Leigh stamped the part with ber own waif-like fragility, Sheila Gish's streak of touchness makes her descent into madness all the the sub-human, all coiled rest is taut and moving.

more sbocking.

Sbe enters, aptly, behind the gauze wall of Bernard Culshaw's New Orleans interior, to be led back finally into the same compassionate blur. Initially, her loopily well-bred flightiness, allied to a roaming accent that touches on the Antipodes, recalls an outraged schoolmarm; but she hrings dignity and conviction to Blanche's doomed moth flutterings, moving In her advances to the bewildered young door-to-door collector and gripping-William's writing is at its best in such soaring solo arias-in the account of ber homosexual husband's discovery and suicide.

This fine central perforamnce is strongly supported. Any Stanley Kowalski faces the same challenge from Marlon Brando as subsequent Brack-nells must from Edith Evans. Paul Herzberg begins too young and good-natured: the bigh

He and Miss Gish remind us of the onthor's often overlooked bumour. Whereas Brando's Lovine jokiness was balf-intentional this Stanley is a conscious funny man who still musters up enough mensce to be frightening by the end. The pro-duction is confident enough to let. Blanche be laughable, not just in her vague description of the Poles as "something like the Irish . . . only not so bigh-

old flower-sellers mouthing Berlitz Spanish phrases belong to the less acceptable streak of florid symbolism that em-barrasses the British. But the



# Quack Quack/Chipping Norton

# B. A. Young

Chipping Norton's little This isn't some satire, keen what isn't but to be nothing later she and Thomas do a Thealre is in narrow Spring and critical, about the fashion else but mad? Yet even Polo splendid duet which is a variant Street, round the corner from able practice of suing the bos-the Chequers. It was once a pital when your cure has gone thing else: that it is idiotically Salvation Army hall and has a astray. It's a mad entertain-funny from start to finish. Salvation Army hall and bas a astray. It's a mad entertain-splendid acoustic and comfort- ment that wanders through the

raised stage at a plano festioned with cymbals and things), is said to be based on things), is said to be based on things), is said to be based on things). things), is sald to be based on an idea from Molière. The idea is that you have to beat up a doctor to get the best out of him; or in Mr Sutton's rhyming dialogue, "doctor-bashing brings the cash in."

Sam's helpectaing with 3 and 3 and 3 and 5 and 5 are, for once, more memorable or the songs in the what, in other hands, inght of the national Heelth; Gerald, are, for once, more memorable to principals, Jeff Pirle is Sam, Qulvar sinned in such for their words than their doughter Lucinda; and Barry, music. Lucinda, cashing in on simulated anorexia, bas a number of rhyding, they are for once, more memorable to principals, Jeff Pirle is Sam, Qulvar sinned in such for their words than their doughter Lucinda; and Barry, music. Lucinda, cashing in on James Biddlecombe is Themas, of Pan lost its elemental force, and simulated anorexia, bas a number of rhyding, they are for once, more memorable to principals, Jeff Pirle is Sam, Qulvar sinned in such for their words than their doughter Lucinda; and Barry, is many dynamic to the many dynamic to the impressive Miss are, for once, more memorable to principals, Jeff Pirle is Sam, Qulvar sinned in such their doughter Lucinda; and Barry, music. Lucinda, cashing in on James Biddlecombe is Themas, and Jill Barry the gorgeous it, for to define true medness, ber called "Think thin," and Lucinda.

able seats.

Quack Quack, written by Dudley Sutton, with songs by Jeff Clarke (who sits below the

funny from start to finish.

The dialogue is old in rhyme (" the tyranny of rhyme left me pony. little leisure for occuracy," the programme quotes). The lies chiefly in the inventive and rhymes, lots of them worse than firm direction of Murray Melvin. anything that ever came out of who has never allowed any

tion on a Sbakespeare lyric. They marry, these two, olthough she was pledged to Barry; he lures ber awoy disguised os a

The secret of the comic charm anything that ever came out of who has never allowed any clues to bolding of advancing a pantomime, are more or less second-class playing to intrude independent of rhythms; they are what, in other hands, might just go inexorably oo. The songs look like a students' rag. Of are, for once, more memorable the principals, Jeff Pirle is Sam, quivar sinned in such for their words than their Christine Pilgrim is his wife, music. Lucinda, cashing in on James Biddlecombe is Thomas, of Pan lost its elemental force,

# Television/Chris Dunkley

# Bulls, bears and cries of 'wolf'

"Of course the trouble with the

little boy who cried 'Wolf!' was

that one day the wolf did arrive."

Among those who take television seriously, believing that at its best it can be quite wonderful and that there should be perpetuol efforts to achieve such beights, the current fashionable attitude is one of deep gloom. Not long ago the opposite was true. British broadcasting was full of neople roady. opposite was true. British broadcasting was full of people ready
to tell you enthusiasticalty how
cables and satellites, topes and
discs were going to lead to an
explosion of oew programmes,
many of them fundomentally
different from the old.
Only o year ago bullishness
was all the rage and we were
being told bow, thanks to
Channel 4, a brand new pool of
talent was forming in the inde-

talent was forming in the inde-pendent sector. All-news cables pendent sector. All-news cables on the American pattern were being predicted for Britain. music and movie channels were looking forward to the dust being blown out of broadcasting with the coming of the wired exploited low American series whenever it.

Hugh Fraser and Anna Nygh as an academic couple torn apart by Lehrer's intrusion are alive to the nuance of the text and fall on it with relish and fall on it with relish and the bears. Some tell you that if it is simply because Americane were so grateful to the nuance of the text and fall on it with relish and the same of the text and fall on it with relish and the same of the text and fall on it with relish and the same of the text and fall on it with relish and the same of the s and fall on it with relish ond finesse. The former mixes comedy with pothos to marvellous effect. And the whole show is held insertion to be offered a service without perpetual commercial hreaks and that the British will never buy cable because they already hove BBC1 merciol hreaks and that the British will never buy cable because they already hove BBC1 and BBC2, and even British advertising channels are less commercially infested than America's. What's more, they add, video recorders arrived first in Britain and they have established o powerful hold on the market. Viewers already paying £15 a month for a VCR to gain a wider choice are

> thing.
> Bulls in another group maintain precisely the opposite: that cable will socceed in Britain not least because the govern-ment is determined that it sholl. ment is determined that it sholl. Yet they are no less gloomy. This success, they predict, will be achieved at the cost of destroying Britain's proud tradition of high quality public service broadcasting. As they see it the only way cable television will be able to make a profit is by buying dirt cheap from the huge American stockpile of old series. Perry Mason, Wagon Train and Star Trek will steal the viewers, BBC and ITV audiences will shrink dramatically, and thus the economic base of Britain's high quality proof Britain's high quality programme making will disinte-

It is not easy to see why the shift from bulls to bears should have occurred quite so fast, though one suspects that optimism peaked just before the opening of Channel 4 and

breakfast television, and has stumped because of the charus of scorn which greeted Ghannel 4 (now getting 5 per cent of the audience with standards argu-

audience with standards arguably improving, incidentally and the flasco at TV-am which so rapidly abandoned its mission to explain and—in a looking-glass version of the Pied Piper—sent out a rat to lure away the children.

All the assumptions tacily accepted in these arguments are of course questionable. Cable may be attractive in the UK by virtue of being o modern interactive system and might cause an information-led entertainment revolution rather than tainment revolution rather than vice versa. Old American series exploited low American programme prices whenever it suited them. As for the reasoning on VCR and cable, that can be turned on its head: the unparalleled enthusiasm for rideo recorders in this country.

video recorders in this country

But the most important

assumption underlying the whole debate is the same one

that has dogged every debate about broadcasting in this country from the very begin-

ning: that the interests of businessmen and programme

makers are mutually exclusive. The evidence appears to point consistently the other way, from the infinence of radio equipment

manufacturers in the formation of the British Broadcasting

Company (the forerunner of the

BBG) to the involvement of the

commercial lobby in setting up

ITV. Yet every time businessmen

come along with new hardware to revolutionise programme dis-

tribution the programme makers

react with deep suspicion, ingrained conservatism, and miserable pessimism. When the introduction of commercial television was debated in the

Lords in 1953 Lord Reith who

had been Director General of

bubonic plague and the Black Deoth into England. By all accounts tha tone of some of the comments at this month's Edinburgh TV Festival on the coming of cabte to Britain were

coming of cabte to Britain were worthy of Reith.

Yet when you come down to brass tacks and look, for example, at the drama in the new autumn season what do you find? New series offered in the first week by the bnbonic plague brigade (the ones who brought us Brideshead) included Reitly Acc Of Spies, The Winds Of War, Killer, and A Brother's Tale. Agoinst this Lord Reith's chaps have so far managed a re-lig of have so far managed a re-jig of The Godjother borrowed from the American cinema and just one genuine new television series. The Gathering Seed.

Judged as a whole the season's drama seems in lack a

sense of freshness or real excite-ment. In favour of the Reithlans I have to say that although beavily outnumbered their single new series does feel like the only one to have been writ-ten out of passionate conviction

bardship and tragedy, but Allen comes as close as anybody to doing for television what Dickens did for the novel; con-

veying his anger at the injustices

thrust upon his people by des-cribing the minuliae of their daily lives with deadly and fascinating accuracy. The emptying of the jerry on o freezing winter morning, the

pawning of the old man's Sun-day best, the caning from a righteous teacher/priest and many other details seethed with

In great contrast the writers of the ITV series appear to have

worked to the detailed specifica-tions of somebody else's precon-ceived formula. The Brother's Tole from Granada could prove

to be an exception; Episode I tooked like very bigh quality soap opera, shot on some rather pleasing locations with a goody-

switch roles, perhaps) but matters could swing either way.

The Winds Of Win, Reilly Ace Of Spics and Killer have all been filmed on location and all look highly professional. The first two are period pieces and the third which is coolemporary deets with the safe and hashthe third which is coolemporary deats with the safe and hackneyed subject of murder and detection, pairing a hard bitten 
chip-on-the-shuulder cop of the 
nid talk-lough school with a 
clever dick Johnnie-come-lately 
university groduate detective. 
Reilly is probably the most 
original of the three (though it 
vaguely recalls Ted Willis's 1963 
series Sergeant Cork) yet all series Sergeant Cork) yet all three are pretty familiar sorts

of programme of programmes.

But then the Astaire musicals, the John Ford Westerns, the Warner Brothers thrillers, the Karloff harror movies and the Marx Brothers comedies also followed formulae. That does not alter the fact that they provided marrielless extensions. vlded marvellous entertainment which not only pleased millions of people at the time, but still pleases people today. Moreover those films are now considered by many to constitute the very centre of o great cinema heritage.

heritage.

The Americans have done everything possible to make Winds of Wor unwatchable. They have driven us up the wall for weeks beforehand with long pretentious traiters. They have concealed the dialogue behind a curtain of foreground music which retignates a hand music which reiterates a banal five-note theme endlessly in television's version of white noise torture. They have employed armies of ad men to hype the statistics (fifty zillion dollar budget, 8,000 locations, 700 lons of pancake makeup on Ali McGraw, and so on). And yet the evidence of Episode 1 suggests that it is going to provide eight hours of remarkably good—and almost cer-tainly very popular—entertain-ment. What price now the bubonic plague?

Time was when Punch, keeper of the English middle eloss conscience, saw BBC radio leading the nation into a new age of tasteless vur; arity, Then the BBC become the keeper of that same conscience and or-chestrated the warnings against commercial television leading the nation into a new age of tasteless vulgority. Now ITV regards Itself as co-guordian of regards Itself as co-guordian of the public service broadcasting ideol and many of its producers have joined the BBC in warning us all against like dangers of cable leading us into a new age of tasteless vulgarity.

Of course the trouble with the little boy who cried "Wolf!" was that one day the wolf did arrive. goody teacher brother, and a the little wicked lecherous professional was the footballer brother (all set to arrive.

### bas proved that the British are and the desire of the antbur quite ready to spend more to (Jim Allen) to speak to the public rease their choice of pro- lie. There may be little new grammes, so obviously cable will in The Gothering Seed's tale of (Jim Allen) to speak to the public. There may be little new in The Gothering Sced's tale of a northern boyhood marked by base in the country. Here year, hardly going to fork ont another £15 for cable to do the same

Britain as deep-south gothie and
—most damning of all—"the trical," Williams's style is finally
acknowledged os quirkily
poetic in its whooping flights of pained fantasy, oblique snatches at passion and revelations of genteelly concealed agony. In his way he is as individual a stylist as Firbank.

animal menace and gusto for the physicality of life, of Blanche's fears (or desires?).

Glare Higgins, warm and practical, is a positive Stella. Duncan Preston's gauchely well-intentioned Mitch is comic, not caricatured.

Reservations remain: sinister



Sheila Gish

# Israel Philharmonic at the Albert Hall

Mebta and the Israel Philharand an unsettled oboe didu't monic reappeared for Monday's help. The Symphony sounded Prom with Mahler's huge Third overweaning and a bit crude. Prom with Mahler's huge Third Symphony, joined by the Symphony, joined by the American mezzo Florence Quivar, the BBC Symphony Chorus and the Tiffin School choir who had collaborated in Stravinsky 10 days earlier. The broad lines of Mehta's reading water with the stravinsky 10 days earlier. were eminently sound, and con-ceived as running straight through the six-movement structure; the performance was well received; but the undis-tinguished net effect was o lesson in the importance of small Mahlerian details.

Mahler'a notoriously finicky markings aren't expressions of personal taste, but guides to making the score work. Vital clues to bolding or advancing

which it isn't. DAYID MURRAY

To bave to follow the Con-

refigebouw, in miraculously refined and glowing form under Haitink, made on Sunday at the first of the Israel Philhar-monic's concerts, for a most unfortunate succession-though it was not long before expectations of the opening occount of Berg's Three Orchestral Pieces, Op. 6, were removed from any such high level.

Even when measured according to more appropriate slan-dards, however, the perform-ance left a distressing emount to be desired. Mehta showed no epparent awareness of or con-cern for Berg's formidably brilliant and precise scoring, let alone the inlention behind every note and marking. In-dividual lines were left limp

scheme of graded voices; dyna-mics were subject to the bluntest simplifications.

The reading of the Schumann

D minor Symphony that followed was, if anything, more (nadequate still. Again, one was tempted to ascribe full blome for the chain of musical indelicacies to the conductor. An orchestra plays only as well

as its conductor insists; to hear those wonderfully characteristic ritenuti in the second movement—those sudden admissions of Schumannesque doubt or wonderment — reduced each time with a screech of brakes to musical illiteracy appeared as a mark of Mebta's musician-sbip.

Luckily, after this exceedingly unromfortable first half, relief was at hand in the form of Daniel Barenboim's command of the Brahms D minor of Daniel Barenboin's command of the Brahms D minor Concerto plano part. From the sololst there seemed to emanate Trustee Savings Bank, British Airways, Scottish Gos, the Bank

paniment was seldom the equal of bis beautifully limpid sense of touch and phrase, the esperi-ence proved truer to the com-poser in question than those of Berg and Schumann had done. MAX LOPPERT

Joint sponsorship for Scottish

Opera's 'Idomeneo' A group of companies will co-operate in sponsoring Scot-tish Opera in what is believed to be the first deal of its kind in Britain. The joint commercial sponsorsbip agreement, worth £20.000, will help finance the new Scotush Opera produc-tion of Idomeneo which will be

seen in Glasgow in October. Those involved in the joint dividual lines were left limp an authority and sense of a of Scotland and the Fraser and straggling, not vigilantly purpose so notably absent Foundation.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wedns/Thursday. A selective guide to all the Arts appears each Friday.

niak, directed by Tom Moore. (239 6200). 42nd Street (Majestic): An immodes

all the wife histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450). reamgirls (Imperial): Michael Ben-nett's latest musical has now be-come a stalwart Broadway presence despite the forced effort to recreate

Emlyn Williams' 1940 comedy about a middle-aged spinster who goes to Wales to start a school is the second Wales to start a school is the second offering of Elizabeth Taylor's new repertory company, which, without a role for Miss Taylor, has a cast led by Cicely Tyson, directed by Vivian Matelon. (5753200).

Amadeus (Broadhurst): David Dukes

stars as Salieri in the oward-

trio of Geraldine Page, Diahann Carroll and Lily Knight enliven a

round Sergio Franchi in this Tony-oward winning musical version of the Fellini film 8%, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway suc-cess of Nicholas Nickleby, has his

extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimose manages to maintain high energy levels to challenge an excellent cast. (5418394).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rosers and Hart's

mon): If he wasn't sure before, playwright Neil Simoo can expect a long rue of the boars as well as

touching childhood reminiscence now that the Nederlander organiza-tion generously decided to oame the theatre after the generation's out-standing box office draw. (757 8646).

September 9-15

# WASHINGTON

Wind in the Willows (Folger): Compos-er William Perry and lyricist Roger McGough chose a wonderful old chestnut to turn into a musical to add e new generation's appreciation of Ratty, Mole, Badger and Toad of Toad Hall. Ends Sept 18 (547 3230). American Bulisio (Terrace): Al Pacino's humane and lively performance gives a wholly new and fresh look to David Mamet's bemused version of American low life with larceny in its heart, as directed by Arvin Brown of the Long Wharf Theater. Ends Sept 25. Kennedy Center (2548895).

# CHRCAGO

Flash in the Pan (Theatre Building):
The inaugural offering in Paramount Pictures' venture in supporting the Apollo Group's oew-play series uses music to retell Grimm fairy tales. The writers-performers are veteran nightfuln artists, Denise De Clue, Jeff Berkson and John Karraker. 1225 W. Belmont (327 5252).

E. R. (Organin 3319 N. Clarkt This his-

(327 5252).

E. R. (Organin, 3319 N. Clark): This hitand-miss local company has a longrunning success with an earnest
parody of hospital-based melodramax, starring Gary Houston as an
amhitious young doctor. Shuko
Akune as the receptionist and Lily
Monkus as the authoritarian nurse.

### F.T. CROSSWORD PUZZLE No. 5,216 ACROSS

g Object in paper (7) 9 Owl's call for loose stones at church (7)

11 Beadle giving nutmeg to his mother? (4-6)

14 A king's daughter—good beavens!—was ill returning (g)

18, 20 Poor sort of wedding-ring for muslcians? (5, 4)
21 Wilde bores? That's wrong
—but perhaps be will if you
do this to him (10)

23 Draw island train (7) 24 Unselfish piety gives some-thing to eat (4, 8)

6 Vibrata, as a high voice round opening of melody (7)

7 One who langhs, one might say, at misdeeds afoot (9) 10 Repression of joke on fourthered (5.4)



# MAKE IMPS! CIAL!

Brecht. (9282252)
The Real Thing (Strand): Susan Penhaligon and Paut Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very line, and London bas done fult justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic ma-terial but a highly repositing and

Theatre

LONDON The Tempest (Barbican): Derek Jacobi takes a short respite from his recent

takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives e performance that is technically accomplished and imaginatively adventuous. An entertaining production (628 8795)

Takes from Hollywood (Lytteiton): New Christopher Hampton play about the European emigres working in Tinschown chring the war. As a linking Stoppardian device, Odan van Horvath appears alongside Michael Gambon's impersonation of Brecht. (928 2252)

play. Peter Wood's productions strikes a happy note of serious levi-ty. [836:2660-1143). Patriet For Me (Haymarket): Alan Patriet For Me (Haymarket) of Patriot For me (naymarket, that Rates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational in-trigue in the Austro-Hungarian em-pire. A rich tapestry, with a famous drag ball scene at the centre.

obove all different, sort of evening.

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 8834).

Brow stuff. (437 5834).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686). (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1892).

Noises Off (Savoy): The funniest play for years to London, now with an improved third act and a top-class replacement cast. Michaet Blakemore's brilliant direction of backstage shenanigans on tour with a

stage shenanigans on tour with a third-rate farce is a key factor. The Pirates of Penzance (Drury Lane):

Riotously vulgar Broadway import that sits Gibert and Sullivan on a whoopee cushion. (8368108).

NEW YORK La Cage aux Folles (Pulace): Perhaps this season' outstanding musical comes, like Evita and Cats before it. at the very begioning of the theatri-cal year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not

the hoopia, apart from the first-act ficale a in Gaite Parisienne, but the intimate moments borrowed direct from the film. (1572626)
Night Mother (Golden): Marsha Norman's harrowing drama of o young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (238 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately hrash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fiersteio's ebullient and touching story of a drag queeo from backstage to ionelmess incorporates all the wild histrionics in between, down to the confrontation with his

the career of a 1950s temale pop group, a la Sopremes, without the quality of their music. (2396200). he Corn is Green (Lunt-Fontaone):

bedecked and elegant National Theatre production of Mozart's life. (2470472). Agnes of God (Music Box): The fiery

somewhat over-written clash of ideologies. (2464636). Nine (48th St): Two dozen women sur-

cess of Nicrolas Nickledy, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 8282). Atremities (West Side Arts, 43rd W.

san accent leans an experant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Belanchine and directed, like the original, by George Abbott. (3779370).

Sighton Beach Memnirs (Neil Simpol): Ut he wasn't sure before

1 Leave car at bome? That takes the cake! (6) 4 Drum for piper's son (3-3)

> 12 Side or headlights (4) 13 Came across nearly every-thing like gold (5)

16 What makes the crew d-miserable? (8)

25 I've got it, you stinker, do you hear? (6) 26 Seize a pole naturally, as they say (6)

DOWN

1 Standard degree in place of theese (5)

2 Clothing torm without purpose (7)

3 Not being well, I shall slart with toast, perhaps (3, 6)

5 Wilde has a very large mother and marines (9)

17 Small fish in a row, about 500-550 (7)

18 Tunes for jazz, possibly: It doesn't touch a ball! (3, 4)

21, 22 Forgery is his business (12)



# **FINANCIAL TIMES**

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Wednesday September 14 1983

# Competition in credit

THE DECISION by Abbey National, Britain's biggest building society, to opt out of the Building Societies Asso-ciation's system of recom-mended interest rates has many of its compentors. But then it would: the desire of successive governments to protect bouse purchasera from financial reatity has exempted the societies from normal market pressure for more than 40 years. Small wonder that they now tend to see all competition as "unbridled" and regard a decision by a fellow member to quit the comfort of the cartel as "ungentiemanly".

Yet it is a moot point whether the results of this move will be quite as dramatic as the bare headlines might suggest. For a start the cartel has been of diminishing importance of late. Only the building societies' ordinary share accounts are subject to the recommended rate and these now account for less than balf the societies' total deposit base. And it appears that Abbey National is not yet ready to take the war to the other side of the balance sheet and compete on the mortgage rate itself.

Nor does experience of the abolition of the clearing bank cartel in 1971 suggest that turbulent competition in interest rates is likely to break out. Financial markets are highly sensitive; in practice if one clearing bank raises its base rates, the others follow suit

within days,
The implication, in the context of housing finance, may simply be that Abbey National is not averse to using its competitive muscle to influence rates to the detriment of smaller competitors. At the same time, like most of the other big (and some not-so-big) societies, it is offering services to investors that take it into more direct competition with the banks. Membership of the cartel becomes less relevant and possibly more inhibiting as it

Volatile In the longer run, bowever, the impact of the move could be more profound. If Abbey National does use its muscle outside the cartet, building society rates are likely to be more volatile. And it is bard

and downs in the investment rate. This clearly worries the societies. The recent departure societies. The recent departure of the clearing banks from new mortgage lending has allowed the societies to retreat into the old system of rationing mortgages by queue instead of price. But that system could now be under threat from within.

mates more closely to wider financial reality, this is all to the good—notwithstanding the inconvenience to bitherto overprotected bome owners. Over the past decade or so, financial markets bave been badly distorted by an excessive bias towarda bousing. As building societies took an increasing share of the savings cake in a period of high inflation, the public sector found itself funding its debt increasingly in the capital markets; this in turn meant that the corporate sector meant thet the corporate sector was thrown back into the banking system for funds, which put upward pressure on the money

### Stumbling block

which meant that higher in-terest rates were necessary to achleve a given monetary objective. The corporate sector thus paid more on its spiralling debt to the banks, which were unable to reduce their advances in recession for fear of precipi-tating wholesale bankruptcies.

With lower government bor rowing and increased public-sector financing to the private savings market—partly in com-petition with the bullding socie-ties—the muddle is beginning to unravel. Abbey National's move may be one step in the process. But it bas much further to go before the monetary system is back on a sound footing, thrift enjoys its fair reward and the inflationary psychology in bousing is broken.

in the meantime the govern-ment should consider scrapping the hullding societies' compo-site income tax rate, which penalises tax-exempt small savers and leaves the banks dis-

# Self-help in the Third World

crisis has focussed attention on capital intensive or use advance the developing countries' con-tinuing need for capital from overseas, Capital Inflows, whether they take the form of bank lending, direct investment or concessionary aid, are indeed essential to supplement domes- IMF is seeking to impose a tic savings. But it would be a doctrinaire form of laissez-faire mistake to assume that, even if mistake to the levels which prevailed before the dcbt crists hew up (which in any case is highly unlikely), this will solve the developing countries' problems. For it is not so much the amount of capital at their dismessage is that governments and in many other ways. Their message is that governments their should be allocative in their amount of capital at their dis-posal which determines their rate of economic growth, as the efficiency with which that capital is used. Return on investment in developing countries has been declining in the oast decade, both because of inaopropriate macro-economic policies and because of poor management at all levels.
"Belier use of capital offers

the greatest scope for raising the growth raies of developing countries." This is the central theme of the 1983 World Development Report, oublished by the World Bank and it is echoed in the annual renort just issued by the International Monetary

# Capital and labour

Both documenta reflect a view of development which emphasises comparative advantage, participation in world trade and allowing markets to work. "Efficiency," as the World Bank publication puts it. " requirea capital and labour to be priced according to their marginal productivities at international prices. In other words, labour costs per unit of output must be kept internotionally competitive and interest rates should reflect the cost of foreign borrowing. If this is done, countries will invest and expand in ways that

The IMF takes up the same theme when it refers to the tempiation to bypass intermediate stages of development in order to specialise in more sophisticated forms of manu-"Scarce resources may be wasted by prematurely lant minitiating, and subsequently poverty.

THE INTERNATIONAL debt protecting, activities that are technology, which cannot be operated efficiently at the level of labour and management skills avallable within the fore seeable future."

Nelther the bank nor the

should be aelective in their intervention and not allow the public aector to expand to the point where its managerial capacities are over-stretched. The World Development Report underlines the need

"to reassess priorities, prune what has become unmanageable and strengthen the effectiveness of the state's core responsibilities. Less reliance on controls and more on incentivea to achieve social and economic objectives would also reduce the burden on the public sector.

Greater reliance on markets and on the price mechanisms runs counter to the dirigisme which has been such a dominant element in the theory and prac-tice of development aince the war. But there is now ample evidence that countries which pursued inward-looking policies based on self-sufficiency, cen-tralised planning and bureau-cratic controls have fared worse than those which participated in world trade on the basis of comparative advantage.

# Social objectives

Moreover the pursult of greater efficiency is not linked to a particular ideology or political system; it is compatible with policies designed to ensure more equal income distribution and capital and labour—avoiding, for example, capital-intensive production methods if they have abundant manpower." of Development Economics, the most important lesson of the varied development perfor-mance of the Third World over the past three decades is that efficient growth which raises the demand for unskilled labour by "getting the prices righl" is probably the single most impor-

If the result is that the housing finance market approxi-

At the same time, tax relief on mortgages built a greater tolerance of bigher interest rates into the financial system,

The chief stumbling block is mortgage relief. Sioce this appears to be a personal blind spot of Mrs Thatcher's, it may take time to pare it down. But

to see how mortgage rates could advantaged as the societies move then be insulated from the ups on to their patch.

Significantly, the new U.S. price is about 12 per cent above European prices, just enough to

cover lariff and freight costs so than Europe. Already this bas led to isolated sbortages in Europe, and it now seems likely that there will be a general

THE aluminium industry is

main beneficiaries of the con-sumer-led recovery, especially

Prices have doubled since

January, rolling mills are run-ning flat out, and there is a strong prospect of a general metal shortage by the end of

But can the boom last? And

Those are the questions that

if it does, where are consumers going to get more metal?

are worrying industry leaders in both Europe and North America as they attempt to interpret a range of conflicting signals and trends.

● The latest aluminium producers' inventory statistics, published this week, reveal that the 11-month plunge from

the record levels of early 1982 has ended. But opinions are still divided about whether this is on indication of softening

demand or a normal summer easing of activity.

• The London Metal Exchange price, having risen strongly for over a year and even surpassed

the copper price in August for the first time in history, has

been marking time for the past

month. The industry is waiting

latively high price will en-courage customers to shift to

alternative cheaper materials,

and so stifle further growth

 North American producer prices are running well ahead of European prices and even abead of the LME price. Just this week, Alcan Aluminium of

current market trends, the American bulls or the European

"We find that we can still push

the American recovery.

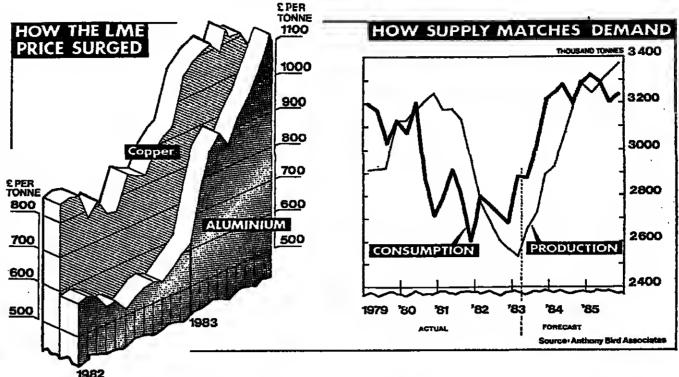
in\_North\_America.

booming again. Emergtog from the longest and

recession in recent history, it has been one of the WORLD ALUMINIUM INDUSTRY

# A boom no-one expected

By Ian Rodger



Tonnage figures in second table refer to quarterly rates

the year, unless there is a significant-and unexpected- decline in demand.

The past three years bave been bard for the industry. Official industry statistics show that total free world smelting capacity bas beld steady at 13.9m tonnes since 1980 while annual consumption fell to 10.9m tonnes last year and production to 10.5m tonnes.

Canada followed Aluminium Company of America's lead last month by raising its North American price to 81.5 cents per pound. Who is right about Of this 3.4m tonnes of idle capacity, it is estimated that up to 2.5m tonnes will never come back on stream and another 0.5m tonnes will only return if prices go up another 25 per Almost all aluminium smel-

through price increases in all our major product markets, except alreraft," says a spokesman for Alcoa, But the company is still concerned that rising U.S. interest rates could damp down the American recovery. ters in Japan, most in Europe and many in the U.S.—even modern and efficient onesno longer competitive at cur-rent prices. So far, bowever, most of these have been kept open, supported by direct government subsidies or special electric power tariffs. European industry leaders, meeting early this month in Dus-seldorf, were unanimous in noting some improvement in their Aluminlum is

markets, but they could see no signs of a boom. through the electrolytic reduc-This transatlantic price difference is already worrying the
European producers. On the
one hand they doubt their custion of refined bauxite and electricity is thus a major cost of
production. Because of the
rapid rise in men market
energy prices in the past few
tomers' ability to absorb further
price increases, but on the other
smelters that bave to buy their they are concerned about their electricity has risen well above own ability to find enough metal thot of those that have their to meet their needs, unless their own electric power generation prices rise to meet U.S. levels. equipment and/or access to

It is impossible to predict how far this year and expects to be push major customers towards long government support operalong government support opera-tions will go on Similarly, it is end. that any excess metal available possible that some of the high will be drawn to the U.S. rather cost smellers thought to be cost smellers thought to be permanently closed, could come back on stream, if prices rose cost smellers thought to be permanently closed, could come back on stream, if prices rose significantly.

As for new capacity, very

As for new capacity, very

As so pertaining level is how at 91 per cent and last week announced plans to go to 97 per faster than usual for this phase months. But both companies of a recovery. Producers worry customers rusbed to rebuild that prices have advanced too their stocks in advance of price

world shortage by the end of little has been built in the past of aluminium prices to keep ace with rising costs. Official figures indicate that only 500,000 tonnes is scheduled to come on stream in the next la months.

While the recession was at Its worst the implications of this were largely hidden. But this year consumption is heading for an 8 per cent rise to 11.8m tonnes, and the industry's interesting have turbled from ventories bave tumbled from cost capacity, and although the over am tonnes early last year group is still very confident

purchases to meet customer demand, and both say they bave no further manned rolling mill capacity available.

Reynolds Metals, another major U.S. producer, has raised its operating rate from 47 per cent a year ago to 64 per cent and Kaiser Aluminum and Chemical is up from 19 per cent to 20 per cent in the U.S. to 30 per cent in the U.S. Kaiser, however, is one of those producers that has a lot of bigb

The most serious shortages

are in Britain, ironically the

only European country to have

closed a smelter recently

production with open market fast, causing the metal to lose its competitiveness in some markets unusually early in the

So far the main factor behind aluminium's recovery has been the exceptionally strong perfor-mance of industries that con-sume a lot of aluminium especi-ally in the U.S. where roughly half the world's aluminium is used. About a quarter of all aluminium produced goes into transportation equipment and consumer durables. And the amount of aluminium being used in car and truck manufacture has been rising because of the industry'a attempts to reduce vehicle weight.

Building materials consume another 25 per cert of aluminium production: the outlock for the U.S, construction industry is now uncertain, but it was recovering strongly early this year.

In Europe producers have felt the same surge in demand this year as the Americans in flat products—used notably in packaging and in truck trailer panels. But VAW, the West German market leader, said last to under 4m tonnes. Mr David
Cuiver, president of Alcan, said
recently that the company's inventories were now "at minimum working levels."

about the outlook for demand,
it is obviously in no hurry to
gamble on a further, major production boost.

The companies need no remonth that its capacity making extrusions—for things like window frames-was operating at only 70 per cent, In France and Italy markets are even weaker.

As a low cost producer with minding that aluminium usually ample supplies of cheap bydropower. Alcan maintained ils stages of an economic recovery operating level during the recesbut them fades as consumer The Europeans have another reason for not fully trusting sion at over 80 per cent, but it spending slows down. Simulhas raised it to 92 per cent so taneously bigber prices tend to the rapid recovery in aluminium prices may simply reflect the copper in electric cable, and deoth of the fall last year, when prices slid to a low of around 40 cents a pound in the U.S. and

increases and this is still going on, some producers believe.

Whatever the real state of final demand—or prices—the inescapable fact for the moment is that sbortages of meral are developing and aliminium prices are still rising faster than those of some competitive materials, such as copper and

The most serious shortages so far are in Britain which ironically is the only Europeon country to have closed a smelter country to have closed a smetter in the recent recession. (The 100,000 tonne smelter at Invergorden to Scotland was sbut at the end of 1981). Mr George Russell, managing director of British Alcan, concedes that the group has been short of metal for several months. But he says that the relatively low product that the relatively low product prices prevailing in Britain made it risky for the company to pay dollar high prices to import ingot.

"I don't know where the next increase to world aupply is coming from," he says gloomily. "We are having to price to cut
off consumption." The effect of
this could be to boost demand
for competitive materials, such os copper, steel and plastics.
Aluminium has only nhout
60 per cent of the conductivity
of copper and ao about 40 per cent more of it by volume is needed to transmit the same amount of electricity.

If aluminium continues to be at least as expensive as copper— and many think it will—then makers of electric cable for one can be expected to change their buying patterns.

A possible short-term answer to the supply problem could be recycling. Already, 38 per cent of U.S. aluminlum is recycled and 30 per cent in the UK, but few other countries bave developed recycling networks to any extent. In the longer lerm, however,

it is far from clear where new capacity will come from, Pro-ducers agree that the trend of 7 per cent growth in annual consumption that prevailed in the 1960s is gone forever. But there will still be some growib and the world is going lo want more aluminium.

Which, so far as the industry is concerned brings the question right back to the cost of power

Canada still has vast untapped hydroelectric power but it has proved difficult to launch new projects even there in the past couple of years. Australia was considered a major new source for the future a few years ago because of its considerable bauxite resources

But a number of projects bave come unstuck because, in Australia, as elsewhere, Governments bave been reluctant to offer long term competitivelypriced electric power contracts to aluminium producers.

And without attractive long term term power contracts, no aluminium producer is going to When the turn came, invest the very large sums now customers rusbed to rebuild needed to build a major new

# **Men & Matters**

### Nigel and Goliath

lt is tempting to see todoy's seminar on the rights of early leavers in company pension schemes, a meeting which has been set up by the Department of Health and Social Security and will be bosted by social ser-

and will be bosted by social services secretary Norman Fowler, in gladiatorial terms.

One small campaigner is trying to take on the Goliath of the pension funds to alter the present system whereby people usually have to stay with a single company all their work-ing lives in order to qualify for the maximum pension of two-thirds of gross salary on retirement.
The aspiring David in this

potentially bruising ctasb has powerful friends, however. He is Nigel Vinson, self-made businessman, currently part-time chairman of the Development Commission, and along with Margaret Thatcher and Sir Keith Joseph, a founder direc-tor of the Conservative-backed

Centre for Policy Studies.
Vinson says that the centre passionately believes in the widest democratic ownership of wealth. He adds, "At the moment with £100bn of funds, the pensions groups own half the pensions groups own balf the quoted capital in the coun-try. The way things are going they will own everything.

The trouble is that the

trustees own the capital not the contributors themselves. It is ownership at aecond-hand." Does Margaret Thatcher agree with him? He says he does not know, but points out that she believes in the sale of council homes. Money purchase of pensionable units to enable people to own their own pension savings would, he maintains, be a

lant means of alleviating want to open the box and gel

fore we are too old to enjoy them, or transfer them without loss of final income? He advocates a portable pen-sion system which would allow

transfer of accumulated funds without loss of rights. He admits that a two-thirds final salary type of pension would not be possible. But be claims that is a chimera anyway: ("one-half would be a more realistic figure ").
The pension funds will argue today that the cost of keeping up deferred pensions, or making

pensions portable, would be too Vinson does not expect great things of today's meeting, but believes it could nudge Norman Fowler into setting up a working group with the possibility

of future legislation.

# Table talk

The London arts world waits for the great announcement today — not whether the white knight, U.S. busineasman Alfred Taubman will be permitted by the Monopolies Commission to buy Sotheby's (that is regarded as a foregone conclusion) but just what la this table that Christie's is going to sell? Christie's, ever anxious to steal a march on its great rival, is gearing up to announce the sale of a very important table which will not only fetch a very bigh price but is redolent with historical import.

At Sotheby's they are not ostensibly sharing the mood of annicipation. They are affecting nonchalance at Christie's doings this time and waiting with quiet approval for Taubman's acces-

Sotheby's launched a high level campaign to ward off the first U.S. bid from felt makers Messrs Cogan and Swid. Former logical follow-on.

What is Vinson recommending to those of us who either effectively scuppered the want to open the box and gel approach by referring it to the Monopolies Commission.



Alcoa's operating level is now

"Going — gotog — golng going — going . . ."

This gave time for Taubman to win at least partial Sotheby'a approval and he is expected to walk into his expensive inheritance today.

' We are now ship-sbape, back on our feet and raring to go," said a Sotheby's spokesman vesterday. He voiced no fears that the U.S. ownersbip might mean a switch to New York, where most of the turnover la now generated.

# **Boiling** over

Stoce the Boilerbouse design gailery (down below in the Victoria and Albert Museum, London) opened its door in 1982 backed by a handsome endow-ment from Sir Terence Conran. First, it allegedly displayed too lending club for £20 and "£10 much foreign design, later it on renewal." was accused as acting as an agent with displays for Sony and Ford.

Now Stephen Bayley, aged 31, director, has taken a swipe at the serried ranks of British design with all its insistence upon simplicity, restraint, and general virtuousness as benchmarks.

The companies need no reminding that aluminium usually

tinplate in packaging.

His new exhibition on Teste which opened yesterday is said by Bayley to bave been con-celved out of frustration. Exhi-bits of items considered "bad taste" in their day include coal effect fires, ornaments, and even a model of the TV-am building.

# Dawkins' orders

When General Pete Dawkins, oged 45, quit the U.S. Army four months ago his colleagues were dumbfounded. He stood a good chance of becoming chief of staff later to bis career. Since then he has kept every-one guessing about his next job — although be has even been

Baseball. In New York this week he has broken cover and appeared at a hastily-convened press con-ference at Lehman Brothera the rivately controlled investment

sounded out as Commissioner of

Dawkins is to be the 78th general partner in that august house. While that may seem well down in the pecking order be is being given responsibility for the group's public finance

Lebman has lagged behind its blg Wall St rivals in the area of public finance. Dawkins has been ordered to attack their commanding position forthwith.

# **Eternally yours**

of Habitat Mothercare, it has Hartley Video of Hartley Wint-repeatedly offended the British ney, Hampshire, is offering life ort and design establishment, membership of its cassette

Observer

# tor the latest intormation on the USM.

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# Syria seizes its chance

By Patrick Cockburn in Beirut

In a week of fighting, Druze have defeated Chriatian forces in what has become known as the Mountain War. In doing ao, they have changed the political map of Lebanon, depriving the Christians of advantages they thought they had won ss a result of the Israell invasion last year.

The Syrians are regaining their old positions of primary in Lebanon, forcing the battered Lebanese government to look with increasing desperation to the multinational force and to Washington to buttress its crumbling position. buttress its crumbling position.
A naval armada has assembled
off the coast, its guns pointing
receive positions in the at Druze positions in the mountains, but it is still unclear how far the U.S. Is prepared to get sucked into the Lebanese

For now there is a mood of victory in the towns and villages of the Moslem Druze which straggle along the sides

### Equipment was being doled out to every man of military age

to the southeast of Belrut. In village squares over the week-end, equipment was being doled ont to every man of military age. Most shops were closed and where they were open the owner was often wearing khaki uniform and carrying a submachine gun.

In the streets of Basqline. key to the blockade of Deir el Qamar where 25,000 Christian refugees are cut off, portly Druze dignitaries in traditional baggy black pants and white topees could be seen clutching their Kalasbnikov rifies. All civilian trucks have been pressed into service to bring these levies to the front, and my ear had to back up a narrow village street to let pass a yellow truck towing an anti-tank

from a village," said a Druze political leader, "they sent us 60," The number of militiamen milling around the small town





for long.

liruze clearly have more than to the U.S. sanctioning air sup-the 2,000 militiamen which was their estimated military men. Souq al Gharb is the strength at the start of these army's only position of strength battles. There were no signs of Palestinians, Syrians or other foreign troops in the Shouf mountains themselves, though they are evidently present fur-ther north around Bhamdoun.

The Druze themselves may be surprised by the extent and apeed of their own victories in this latest episode of Lebanon's simmering civil war. Now the Druze and their Syrian allies have to mske a critical choice which will determine the future political abape of Leba-non. Will they be content with defeating the Christian militia, who only entered the Druze mountain strongholds on the heels of the Israeli army last year? Or will they try to crush militarily the government of Lebanon's Christian President

The answer to this question will have repercussions far beyond the mountain villages of Lebanon. Already the actions of the Druze have brought American and French aircraft carriers aircraft carriers to the Lebanese coast in a bid to protect the 5,000 strong multinational force and prop up President Gemayet's beleaguered regime. He needs all the support he can get.

in the mountains to the south. A defeat here might lead to the Lebanese Government forces, aiready stretched very thin, beginning to unravel.

The great change in the situation since last year is that israel is largely silent. Jerusalem bas all but abandoned its old affiance with the Christians of Lebanon which was a centrepiece of the foreign was a centreplete of the foreign policy devised by Mr Menahem Begin as Prime Minister after 1977. With its withdrawal to the Awali River north of Sidon 10 days ago, Israel ceased to be the predominant power in Lebanon. Its allies are now paying the price for this.

The balance of power is changing back nearer to what it was before Israel's General Ariel Sharon besieged Beirut last year. Syria is moving to fill the political vacuum left by the Israeli withdrawal, and the Druze—their allies—are taking over the 600 sq kms of broken and mountainous terrain Israel vacated.

The fierceness of the Druze onslanght seems to bave cangbt the Christian militiamen by surprise. Their leaders were forced out of the crucial town of Bhamdoun, a mountain resort high above Belrut in the

Christian villages have fallen and the few scattered redoubts still held by the Christians south of Beirut cannot hold out

Many Christians now blame their own militia, a well-trained private army, for what has bappened. The Druze did not fight the Israeli army last year. It was only when 2,000 Christian militiamen moved in the Ilruze strongholds under the initial protection of Israeli tanks that the 250,000 Druze community really began to feel threatened and to fight hack.

The Christian move into Bruze territory doomed the chances of a new political consensus emerging in Lebanon. It alienated the powerful and united Druze community which felt its very existence under threat. Syrian President Assad saw an immediate opportunity to exploit these fears as he sought to regain his old position as the predominant foreign power in Lebanon.

Over the last year Assad has given the Druze as much arms and as much equipment as they want. The Druze have thus been able to keep up sustained artillery fire. Trucks with supplies pour through Bhamdoun on their way to the mountain of Aley overlooking

An all-out Druze assault on first days of the fighting, allowSouq al Gharb, a key position ing the Druze to link up with the Syrians. Any coasefire and igniting a wider civil war which held by a Lebanese army the Syrians on the Belrutmechanised brigade, might lead

The first days of the fighting, allowfrom the Druze themselves, are into the rest of Lebanon, the Syrians. Any coasefire and igniting a wider civil war which held by a Lebanese army the Syrians on the Belrutmechanised brigade, might lead

Damascus highway. At least 39 Saudi mediators will inevitably the multinational force.

lead to a government beavily weighted towards Syria. The most important sticking point between the two sides at the moment is the Syrian demand that the Lebanese army pulls out of its positions in the Shouf and around Aley.

In practice the regular Lehanese army has few enough units in the mountains but a total pull-out would mean the Government giving up Souq al Gharh and some other beights around Beirut. Having fought hard here the government does not want to do this. For in con-trast to the Cbrisllan militla. the army has so far performed better than expected.

The draft peace plan now being discussed seems to meet most of the Druze and Syrian demands. But this may not be enough. "Nobody, not even the Americans, knows how far the Syrians want to go," said a diplomat in Beirut yesterday. "Damascus may want the Druze to win a complete military victory or at the very least to sweep down on the coast road

Critical choices which will determine the future of Lebanon

linking Beirut to the new Israeli positions and the city of Sidon."

The Druze leaders, such as Mr Walid Jumblatt, seem conscious that they have to keep some sort of government in being in Beirut at least for now. It is, for example, significant that they have not called on Druze troops in the army to desert. Mr Jumblatt vetoed an attack on Deir el Qamar where 25,000 Christian refugees are surrounded by the

In any other country than Lebanon the basis for a cease-fire and a new modus vivendi would now seem to exist. The problem in Lebanon is that there are so many parties to the civil war that not everybody The real winners in the last without such an agreement the week's fighting, therefore, apart mountain war may soon spill from the Druze themselves, are into the rest of Lebanon, the Syrians. Any coasefire and igniting a wider civil war which Britain's Economy

# Time to bring back exchange controls

By Jack Straw, MP

IDEOLOGY apart, there was a practical justification for the 1979 decision to aholish exchange controls. This was that restrictions on the flows of capital abroad had to be lifted if the then prospective oit-hased structural surplus of the current account of the balance of payments was not to send sterling through the roof.

But has the lifting of controls worked out as intended? The flow of UK capital overseas certainly turned into a flood in a remarkably short time, but sterling still went through the roof. Today, despite the fall last winter, the pound remains at uncompellive levels, with the Confederation of British In-dustry pointing to a 35 per cont deterioration in competitiveness since 1975 against our non-U.S. competitors.

Domestic interest rates are Domestic interest rates are more exposed than ever to international pressures, and show little sign of any fall despite their usurious real levels. The confident predictions made when the controls were lifted that the startling jump in overseas—and especially portfolio—investment represented a simple poce-finally adjustment by the ooce-for-all adjustment by the institutions which would not be sustained for more than a couple of years has plainly been confounded by events.

Total UK private overseas investment for the first half of vestment for the first half of 1983, at £5.8bn, was the highest yet—£2bn more than total UK manufacturing investment over the same period. Above all, the oll-based structural surplus is now disappearing as fast as snow in summer. The £313m current account deficit for the second quarter was the largest second quarter was the largest second quarter was the largest since 1979; the Government's March forecasts of a £1.5bn surplus for the whole of 1983 will plainly not be met.

So, it is time to examine whether exchange controls should not now be reimposed. Paradoxically, one of the principal arguments for the reintro-duction of controls derives directly from the analysis which lay bebind the decision to abolish them.

The assertion made frequently

bad not been facilitated by the abolition of controls, sterling would have been even higher, may well be true; but only as far as it goes. It rests on the pivotal assumption of other things being equal, that no compensating adjustments in the other factors which influence the eventure rate would have the exchange rate would have been desirable or possible.

But a moment's thought ought But a moment's thought ought to show that this is simply out the case. The relative level of interest rates and the overall level of economic activity are two other obvious influences upon the exchange rate. For a given level of sterling (and the Government's case for abolishing controls presupposed an exchange rate target range, whatever denials of this they

The UK apart, only Hong Kong, Kuwait and the UAE have po restrictions whatever

may make) with controls in place the Government could either have run the economy at a higher level of activity or have been able to maintain interest rates at a lower level than they otherwise were.

Although fund managers and bankers with whom I bave dis-cussed this point remain almost unanimous in their continuing support for freedom for capital and perbaps surprisingly unanimous in their judgment of the domestic Interest rate "premium" which has been one price for that freedom. one price for that freedom,

In addition, the Bank of England Quarterly Bulletin (September 1981) auggested in an analysis of overseas capital investment by pension funds that this had largely been "at the expense of investment in Buttleh Covernment equarities." British Government securities."

The clear implication was that the author acknowledged that had exchange controls then been in place, the Govern-ment—other things being equal —could have sold its debt at lower rates. It seems to me to be by Ministers since 1979, that if incontrovertible, given this lack Straw, MP for Blackburn, is a counter-balancing capital flows Government's use of interest Labour Treasury apokesmen.

rates as an instrument of policy, that they could have used them—and exchange con-

I am under no illusions that the effect of the reintroduction of exchange controls could be anything hut marginal. They could not insulate UK markets from the effect of much stronger force; in the ex-changes. As we are so often reminded by Treasury Minis-ters, controls did not prevent sterting's fail in 1976. But controls could help. They could help keep the pound more stable (and its Instability has almost been as much of o prob-lem as its misalignment). They could assist in the management of domestic interest rates. especialty if monetary targets were given the subordinate role were given the substitute to they deserve in economic management. And the original justification for the controls, that is that they help protect the reserves, remains valid.

Exchange controls are a tool and a safeguard which no government running an econ-omy like ours should be without. Countries with economies of a similar size, for example, France and Italy, as well as some which are conspicuously larger and more successful, such as Japan, have all found it necessary to maintain controls.

Indeed, the IMF 1982 survey Indeed, the IMF 1982 survey of exchange restrictions showed that, the UK apart, only Hong Kong, Kuwait and the UAE have no restrictions whatever, and only the U.S.. West Germany and the Netherlands had virtually none. The U.S. and Hom Corpus are plainly and West Germany are plainly in a quite different economic

Those who still support the continued abolition of controls must answer this simple quesmust answer this simple dues-tion. What good has their abolition done the real British economy? Of course, exchange controls are in no sense a magic wand, but their, re-latiroduction would be beneficial to the real economy; and a beneficial effect, however marginal, is not to be ignored given the fragile state of the UK economy and the mirage of its current recovery.

# Letters to the Editor

# Great expectations of early pension leavers

From Mr H. Wynne Griffith Sir,—The problem of early pension leavers is that they expect more than that to which they are entitled. Mr Plender's first sentence (September 10) refers to "balving the pension rights" of an early leaver. It is this careless phraseology that bas contributed much to the exacorbation of the problem. No one's rights are diminished -it is the expectations of the that are

The erroneous impression is iven that it is the pensions industry" that has caused the problem. Not so, it is simply that the former employer of an early leaver cannot or will not spend the money necossary to provide greater benefits.

The Centre for Policy Studles bas contributed in a particularly negative manner to the "debate" with its slim, ill-conceived and technically lackconceived and technically lacking report on "portable pensions." Everyone (virtually) has a portable pension at preaent. The argument revolves about how much that pension is, not about its portability. By some illogicality the Centre involves that a money nurchase implies that a money-purchase pension will solve all prohlems

Mr Plender is wrong in stating that the present atructure has to alter for a man to receive a 70 per cent pension when he retires. After allowing for the basic state pension and

Sir,—Once again your Com-mon Market experts (The EEC

Interpreting the

From Mr R Kitzinger

**EEC** budget

a man on £12,000 will receive and a somewhat unattractive from Mr J. Bourlet one at that.

67 per cent of his net income if he retires from a conventional pension scheme on a pension amounting to 40 per cent of his final pay. One can receive the following that he cake looks to be a sponge, and a somewhat unattractive from Mr J. Bourlet Sir, — Talbot/Ch Sir, — T final pay. One can argue that there is scope for some loss due to transferring employments— even under the present system.

Many critics forget (if they knew in the first place) that the guaranteed minimum pensions of pension scheme members are inflation-proofed already. The excess may well be increased in future if investment perform-ance permits this to be done at acceptable cost to the former

The pattern of pension scheme design in future may well take the form of lower pensions but with inflationary increases. Not much of a re-distribution is necessary to achieve this. We cannot, however, expect this to happen over-night. It will take time—not everyone will favour such a

I would ask the critics of the present system to apply their energies to persuading govern-ment to save up to meet its promises in the way that hard-pressed employers are required (Including ideological ones do something about state pen-about making ua all mini-capitalists). This is simply not sions—especially the absurd sions—especially the absurd earnings-related element before in the correct place to explain it atoo late. These benefits represent something like half the to do. Let's see the government de something about state penscat something like hair the salaries of employees not in good company schemes. A good company pension—or, for that matter, an indifferent one—is no more than the icing on top of the state cake. Unfortunately,

VAT of the British type, leaving only 13 per cent for the British

exchequer. Later in the article there is a technically correct reference to the same matter: "In 1978, mon Market experts (The EEC Budget, August 30) have minimlsed the gravity of the financial burden imposed on us by the EEC. They introduce the budget problem by stating that the EEC receives its revenue from charges on member states' imports, "and a share equivalent to up to 1 percent of their VAT revenues."

Ordinary mortals will inferfrom this that Brussels gets 0.15 per cent out of our 15 per cont VAT, leaving 14.85 per cont for Mr Lawson. The truth is that the EEC receives 0 VAT of (up to) t per cent on an assessment basis which is determined according to EEC rules. In effect it is a tax of 1 per cent on the gross national product, and is equivalent to something like a 2 per cent for instance, states paid in only 0.64 per cent of the VAT-assessed revenues." This implies

Sir,—Barry Riley (Lombard, September 8) ingeniously suggested a means of protecting the pension rights of the "arrive to the pension rights of t From Mr M. Sturt the pension rights of the "early leaver." Unfortunately there is another hurdle for these unfor-

restriction that deprives those leaving before "normal retirement age " of the ability to build mp pension to a two-thirds maxi-mum proportion of final salary, even by putting their own money

The two-thirds is factored by

butions out of their own

pockets. M. H. Sturt. Bent Mead Waltham St Lawrence,

we were determined to avoid similar haressment by the electric meter reagers militia.
Our solution was to ask the
Board to please move the meter tn an outside porch where it could be read without having to enter the premises. This it kindly did, for a small fee.

Before Dr Scotney rushes to

Before Dr Scotney rushes to do the same, we should point out that it has made not a scrap of difference! The meter readers still leave rude ootes (witbout asking the neighbours—who have a key anyway) and we get hysterical letters about "estimated" bills and possible tire consequences. We are hopling that, after a year of patient phone calls to the tocal office, the news of oor outside meter will finally have trickled down to those assigned to read it! those assigned to read it!

John and Jane Nicholls The Old Rectory, School Lone.

### Carrots instead of sticks

Sir. - Talbot/Chrysler's re-3, Dulwich Wood Avenue, SE19, covery following government aid should indeed, as Richard

When recently in Japan I was impressed by that country's concept of "competition"—that it is an ongoing, endlessly another hurdle for these union-tunates to jump if, whether that it is an ongoing, enuicessly willingly or otherwise, they played game of wooing the con-leave their final employment sumer by contestants who, if dealt a mortal blow by fate or understandable error, should be resuscitated, and, brought for ward to fight on again. By contrsst, they reject the "Wimble-don model" where players knock out opponents progres-sively until there is just one supreme monopolist victor.

Of course the problem is to the proportion actual service distinguish between such valu-with the last employer bears to able intervention and aid for potential service to normal firms in hopelessly declining retiring age. Thus service of five years out of a potential 15 sify), aid to nationalised will reduce the two-thirds limit monopolies, or aid to firms whose management team no to two-minths (5/15 x 2/3).

If Mr Fowler is serious about helping the increasingly numerous early leavers who are also early retirees he are the increasing the increasing

But it does seem that free-marketeers should think more about the "carrot" of success than about the "stick" of numerous early leavers who are also early retirees, he could marketeers should think more about the "carrot" of success stroke of the pen without any cost to the taxpayer or employer. Then those who wished to make provision for early retirement could do so by making voluntary contributions out of their own. for attacking, not the occasions intervention in manufacturing but the outrageous wholesale subsidy of agriculture and protective measures for all textiles and quota restrictions on car imports, etc.

James Y. Bonrlet.
Business Studies Unit,
School of Business, Economics
and Social Studies. 84 Moorgate, EC2

County court staff cuts From Mr N. Cawood

Sir,-I refer to various reports regarding county court staff I understand the cost of the

administration of the county courts does not ultimately fall on the taxpayer as the fees expected to be received by the courts this year will exceed the cost of running them hy about

Why then is the Government making these cuts? Norman Cawood, Fintex and Co. 38 Queen Street, Scorborough, Yorks.

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# FINANCIAL TIMES

Wednesday September 14 1983

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CALL FOR STRONGER LEADERSHIP OF SWEDISH STEELS GROUP

# Bid to replace Sandvik board

BY KEVIN DONE AND DAVID BROWN IN STOCKHOLM

fN AN unprecedented corporate battle, the Swedish industrial and financial establishment is seeking an extraordinary meeting of share-Swedish special steels group and one of the country's top 15 compa-nies - with the aim of removing the entire board.
In the first half of this year Sand-

vik, which had sales in 1982 of SKr 9.3bn (\$1.18bn) bas slumped sharply into loss under the hurden of heavy restructuring costs and recently discovered unauthorised currency speculation by a top executive wbo had covered up extranrdinary losses totalling SKr 218m.

The call for a special meeting of Sandvik shareholders is seen as a move to curb the influence in the company's affairs of Mr Jan Stenbeck, the controversial Swedish businessman and financier and Sandvik's vice-chairman. He is already involved in another boardroom cootroversy at the Fagersta steel group and the Kinnevik in vestment company, whose shares were suspended on the Stockholm Stock Exchange nearly two weeks

asks for

extension

By Jimmy Burns in Buenos Aires

ARGENTINA has asked its foreign

bank creditors for a 30-day extension of a waiver on \$300m that was

due to be repaid this Thursday,

amid a cootinuing hold-up in the re-

The sum is the first tranche of a

the dollar on the local foreign ex-

change market. An estimated

\$800m in trade flows has been eith-

Citibank, which is head of the

committee of banks renegotiating

Argentina's debt. said in Buenos

Aires vesterday that it had passed

tors last week. The general re-

A local court decision has ex-

nancing plan expected to be put to a

creditors' meeting this Friday. Celu losa has total debts of about \$300m.

Foreign bank creditors have been

looking for ways to put pressure on the Argentine Government to en-

sure they are fairly treated in any

In a related development yester-

day, central hank governor Sr Julio

Gonzalez de Solar urged the coun-

try's politicians to participate in

preliminary talks on the reschedul-

ing of some \$10hn in deht failling

The central bank is worried by

the opposition's continuing refusal

to address themselves to the debt

problem as long as the current mili-

lary Government remains in power.

Argentina will have elections on Oc-

tober 30, although the armed forces

are not due to hand over govern-

ment until January 30 next year.

Some payments will be maturing

World Weather

from January 1.

solution to Celulosa's problems.

of which \$100m is owed abroad.

er lost or delayed.

scheduling of its \$39bn debt.

on loan

The move to replace the Sandvik board is being led by Skanska Cementgjuteriet, one of the Nordic region's higgest construction and investment groups, which has emerged in recent weeks as the largest single shareholder in Sandvik with a stake of around 20 per cent worth some SKr 807m.

Skanska said in a statement that it had written to Sandvik requesting a special shareholders' meeting to elect a new board.

"The reasons given were disquiet over the development of the compa-ny and the need for a stronger industrial leadership," it said. Skanska said the new board members should be unconnected with other interest groups that are also instructuring of the Swedish steel in-

tical. Both companies, which would Sonessons, a Volvo subsidiary, and strengthen their links under the Mr Sven Aagrup chairman of Aga steel industry restructuring plans, and a leading member of the board have been seen bitherto as part of of Svenska Handelsbanken.

the sphere of influence of Mr Stenbeck. With associates, Mr Stenbeck owns substantial holdings in both Fagersta and Sandvik through the investment company Kinnevik.

Mr Stenbeck is engaged in a fierce family struggle for control of Fagersta and Kinnevik, at an embarrassing time for Swedish indus-

Leading Swedisb industrialists are trying bard to present an ac-ceptable face to the Swedish public in a last – ditch effort to halt the Social Democratic Government's plans for the introduction of wageearner funds, which would substantially extend the influence of the trade unions in corporate decision-

Some of Sweden's most respected executives are expected to be hrought in as potential members of a new Sandvik board, they include The board membership of both Mr Percy Barnevik, chief executive Sandvik and Fagersta, which had sales last year of SKr 2.1bn and losses of SKr 20m, is almost iden-Hans-Eric Ovin, chief executive of

Sweden's two leading private commercial banks, Skandinaviska Enskilda Banken and Handelsbanken, have been instrumental it helping Skanska Cementgjuteriet in recent weeks to purchase shares to build up its new position of dom-inance in Sandvik

It is thought that Skansk will be backed by a number of Sweden's leading institutional investors who are also shareholders in Sandvik in an attempt to oust the curren;

Mr Ulf Lundman, a top executive with Skanska, cited Sandvik's foreign acquisitions programme as a major cause of the heavy losses. We're not prepared to sell out because of this management," he said. "we want Sandvik to live up to its

its before tax and allocations last sales of SKr 11,7bn. A large portion of company earnings come from investment activities, and Mr Lundman estimated the company's liquid

# Argentina Outgoing Lloyds chief in move on insurance loss provisions

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

SIR PETER GREEN, the leading part of the Hogg Robinson Group. outgoing chairman of the market, vate sharebolder and which holds a has told bis underwriting members that millions of pounds of their funds lodged offshore will be used to the could be seen to the to meet future trading losses in their insurance affairs.

Most of a £34m (S50.8m) increase in the provisions for future losses of Lloyd's of London insurance underwriting interests managed by Sir Peter will be met by funds lodged with two insurance groups, including an offsbore company in which Sir Peter has an interest.

\$1.1bn short-term bridging loan agreed last December to belp Ar-Sir Peter has disclosed the reingentina bring interest payments up to date. Repayment of the first surance arrangements made for his Lloyd's interests with the Cayman of delays in the disbursement of the \$1.5bn medium-term loan and the refinancing of \$6bn of state and as part of a commitment he gave trancbe has been held up because state-guaranteed debt intended to earlier this year, along with other members of the Lloyd's ruling coun-Reserves bave dropped in recent cil, that their insurance business in-Reserves have dropped in recent weeks because of the under-invoiction of concepts and accordance of the under-invoiction of the under-invo ative reac-

Lloyd's insurance underwriter and in which he is also the largest pri-

not discuss private correspondence between himself and the affairs of the members of Lloyd's he bandled "with the outside world."

In his letter Sir Peter outlines what he describes as a "special reinsurance" arranged in the form of "somewhat esoteric policies" with the two companies, Montagu Insur-ance and Reinsurance Company, unrelated to his interests, and Imperial Insurance Company.

proper reserves and not tax avoidance. Thus schemes to overcome this problem bad great attractions."

tion to the widening gap between the official and the "black" rate of son Green underwriting agency, tion of insurance risks, particularly Sir Peter is chairman of the Jan-syndicate had enormous concentra-

arising from windstorm damage in the Gulf of Mexico and liability

Sir Peter says the contracts were arranged using syndicate funds as a "funding type reinsurance."

The scheme, which was started in 1970 when Sir Peter was a director and small shareholder of imperial, then based in the Bahamas, allowed Insurance premiums paid out of the syndicate and not used meet insurance claims made by the syndicate under the policy "to be carried for-ward and added to the value of the

policy for subsequent years."
Sir Peter says that if the Inland
Revenue had recognised that the He says: "The problem from the underwriting agents' point of view has been to justify to the (Inland) Revenue, if challenged, that reserves for unreported losses are proper reserves and not tax avoidbeen exhausted, having been used to meet claims on liability insur- tion of the oceans: He explained that his insurance ance business, computer leasing The adoption of common norms

and asbestosis claims. Howden inquiry, page 7

# Zimbabwe to probe army brutality

BY MICHAEL HOLMAN IN HARARE

nounced vesterday that a commiton the central bank's request for an tee of inquiry is investigating alleextension in a telex to foreign credi- gations of army brutality against clvilians in Matabeleland province

sponse so far was described as posi-tive, but there are still some un-The Minister of State for Defenre, Mr Sydney Sekeremayi, told named banks that are linking the extension to an acceptable solution | journalists that the four-man comto the current problems of Celulosa mittee, chaired by a former white Argentina, the ailing paper manu-lacturer. army officer, Brigadier Mike Sbute, and including three hlack Zimhabwean lawyers, had begun work in cluded foreign creditors from a reli-

UK plugs oil

tax loophole

Continued from Page 1

Yesterday's press conference pro-

THE ZIMBABWE Government an- vided the first public disclosure of the inquiry and comes as Zim-babwe's buman rights record is under beavy criticism.

Last month six white air force officers, tortured while in custody, were cleared of sabotage charges by the High Court, but immediately redetained. Two of them were subsequently released last Friday.

The issue is thought to bave been raised in vesterday's talks in Washington between Mr Robert Mugabe, Zimbabwe's Prime Minister, and President Ronald Reagan.

The allegations of brutality stem from the operations of the North Korean-trained Fifth Brigade in January and February this year.
The Zapu leader, Mr Josbua Nkomo, backed by church and diplomust be drawn between genuine matic sources, alleged that more than 1,000 civilians had been killed or injured in the Fifth Brigade's campaign against anti-government dissidents in Matabeleland.

Yesterday's announcement may do little to repair the damage to

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

coming as it did so close to the proposed £500m fund-raising operation involving a further sale of state-A senior official of the Energy Department said last night that the Shirley Williams, Mr Roy Jenkins and Mr Bill Rodgers, the other change in PRT conditions would be "fair to the companies and the taxmembers of the gang, have less in-

payer. It should encourage new ex-ploration at a price that the compafluence than before. nies and the taxpayer can afford." But Mr Martin Lovegrove, an oil analyst with stockbrokers James Capel, described the Chanrellor's statement as a "surprising move." "Given its suddenness, it has an

inkling of vindictiveness. This is going to knock a number of companies out of the action unless BP's price is revised downward," he said. life, the collective aspects of the

One leader for SDP

ership of Britain's Social Democrat- "Gang of Four" had held discusic Party bas been abandoned after sions together before meetings of the election of Dr David Owen as the national committee and before leader. A new balance of power is emerging with Dr Owen as clearly the dominant figure, while Mrs dropped. The four did not all meet

It also became apparent at the meeting of the Council for Social Democracy, the party's ruling body, that there was some confusion over the leadership's attitude to incomes between Mrs Williams and Dr Ow-

in the first two years of the SDP's

THE "Gang of Four" collective lead- leadership bad been stressed. The

together before the last national committee meeting and Dr Owen's leadership has already become more personal and less collective. That is partly because he tends to work alone with a small staff.

A distinct coolness has developed in the relationship between Dr Owen and Mr Jenkins, his predecessor, policy, with differences of emphasis partly because of temperamental differences and partly because Mr Jenkins feels he was pushed out of the leadership in June.

Conference, Page 7

# U.S. retail sales fall by 1.4% in August

By Anatole Kaletsky

U.S. retail sales declined by 1.4 per cent in August, the Commerce Department reported yesterday, adoing to the evidence that the pace of the U.S. economic recovery is beginning to motierate.

However, the decline, which was the largest since a 24 per rent fall in June 1982, was due entirely to a sharp drop in car purchases and does not suggest a general weaken-ing of the U.S. economy or a return to recession. Many car dealers have reported in recent weeks that the market is deteriorating as a result of long waiting lists and shortages of cars in showrooms, rather than Skanska Cement doubled its proi- because of weakening consumer de-

> tail sales figures appears to confirm these stories. While car sales fell by 9.2 per rent in August, sales of all other retail items rose by 0.5 per rent, suggesting that underlying consumer demand remains reasonnably robust.

> Revised figures for July showed a decline in overall retail sales of 0.2 per cent, rather than the figure of less than 0.1 per rent originally re-ported. This decline was also con-rentrated in the car market, which sbowed a fall of 0.8 per cent.

However, in a separate report issued yesterday the Federal Reserve Board said that consumer credit jumped in July by a record \$ 4.84bn, with most categories of loans, including car loans, increasing considerably faster than in the previ-

# French proposals for EEC tariff wall

Continued from Page 1 munication or television satellites the new energies and the exploita-

opening up of public purchasing within individual countries to all European manufacturers;

 A "significant, but temporary increase" in EEC external tariffs to belp the development of infant high-technology industries of the future. But in reference to France's quarrel with Britain over what the French consider the unduly high Japanese content of several prodnets manufactured in Britain, the European products and those as-sembled in Europe from imported components:

 A revision of competition laws in Europe to enable European compa-nies to attain the size of their international rivals. The paper notes critically that European companies are favouring link-ups with non-European counterparts and pro-poses legal changes to make it easier to establish pan-European com-

panies;

New European-wide infrastruc ture projects including the Channel tunnel, an extension of the Euro pean high-speed train network, European data banks and intra-

European energy networks. The French are liable to be ac-

cused of hypocrisy by their part ners in many of their proposals. France, for instance, practises a more nationalistic public purchasing policy than most of its partners.

The document leaves little doubt that France is prepared for a heavy clash with Britain over their differing concepts of the future of Eu-rope ft ends by asking what future European generations would say if at such a critical moment in Europe's history, the EEC let itself be dragged down by squabbles over the EEC budget or over "a fair return" - a direct reference to Brit-ain's demands for compensation

# U.S. ready to defend Beirut forces

Continued from Page 1 deployment of the British contin-

bave troops in the peacekeeping force. The U.S. has I 200 marines in Beirut Another 2,000 are being ing that be can internationalise the moved into position offshore on the crisis and thereby get active milinaval task force led by the aircraft tary support from Washington and carrier Eisenhower.

Mr Larry Speakes, White House spokesman, said yesterday that ma- the international airport have conrines in Beirut could request air- tinued to take intermittent fire, but strikes. If granted, these would be despite the large naval armada off approved by the local commander. Lebanon's coast, soon to be rein-Mr Speakes said such support from forced by the U.S. battleship New the U.S. task force could also be Jersey, politicians in Beirut remainsought if other troops of the multi-unconvinced that President Reagan national force were threatened.

The negotiations conducted by force necessary to tip the balance Prince Bandar bin Sultan, the Saudi envoy, between all the parties bave still not borne fruit, but President Amin Gemayel is clearly hopother western powers.

The U.S. Marine positions around is prepared to use the degree of

against the Druze militias and their Syrian allies.

Diplomats warned that Syria might not be adverse to a limited conflict with the U.S., which would enable it to pose as the champion of the Arab cause, while Damascus is confident that any U.S. military action will be restricted.

This view was reinforced in Dan ascus yesterday when Mr Farouk al-Chareh, the State Minister for Foreign Affairs, laid out details of joint mediation efforts with Saudi Arabia which have been rejected by

THE LEX COLUMN

# Tilling returns direct to Go

BTR has had no difficulty in laying to rest the £95m profit forecast made by Thomas Tilling at the beight of the hld battle. A run through the books of the Tilling entire the LIS ergy equipment business in the U.S. bas resulted in a stock write-down of no less than £30m, leaving Tilling with a pre-tax loss of £1.4m for the six months to June.

This at least provides BTR with a satisfactorily low base from which to build a fresh earnings record for Tilling. Even leaving aside energy equipment. Tilling's operating profits represented only 4.8 per cent of sales in the six months. To drag that figure anywhere close to the BTR norm will take years but, with almost all the divisions now pointing in the right direction, BTR should bring Tilling's return on sales to around 10 per rent in the first full year of consolidation.

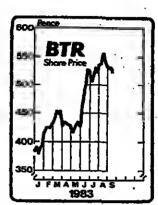
BTR itself bas provided an interim statement which, while charac-teristically sbort of detail, underlines the group's ability to earn high returns in dull markets, Volume fell across the board during the six months to June. Yet operating profits totalled 17.8 per rent of sales and, after lower financing costs, profits before tax were a fifth higher at £58.3m.

BTR's first priority, however, must be to extract cash from its sprawling acquisition. The year-end balance sheet of the combined group will show net debt equivalent to at least 85 per cent of shareholders' funds. And even that ratio assumes that BTR can extract close to £100m of book revaluations from Crewe House and other Tilling as-

The easy option would be to sell Tilling assets, but BTR seems de-termined to retain the existing stable of companies,

A debt/equity ratio of 40 per cent at the end of 1985 appears to be the BTR target. To secure a gearing reduction of that magnitude through trading alone will put even the management skills of BTR sorely to the test. The stock market, however, is all confidence. Even after a 12p fall to 520p yesterday, the sbare price stands 25 per cent above the level reached on the day of the first full offer for Tilling.

Awareness of the cyclical upturn Consgold in Europe for new products and the opening up of public purchasing February enabled Bowater to emerge unscathed from yesterday's when it is good, it can be very, very inf £80m this year.



market, despite announcing a cut in the interim dividend - which the company fully expects to counteract with an equivalent rise in the final-as well as a fall in interim profits from £42.3m to £24.6m.

A 3.4 per cent year-on-year rise in U.S. newsprint consumption over the first seven months bas already led to a doubling of North American profits between the first and second quarters and a restoration of the \$500 per ton listed price abandoned last November. With higher shipments now turning its huge North American timberlands into cash generating assets a year ahead of schedule, Bowater is looking forward to a few years of substantial profits as the lowest cost newsprint producer in a revived U.S. economy.

Bowater, however, has been looking forward for rather a long time. In the meantime it has horrowed beavily and spent about \$200m in North America since 1980 to stay just ahead in cost terms of an industry which could be threatened next year by worldwide excess ca-pacity of about 20 per cent. frcreased competition in export markets is still reflected in heavy price discounting on both sides of the

Bowater is clearly flagging its intention to use the next stage of the cycle to accelerate its diversification away from newsprint into less capital intensive businesses. But this will carry its own risks and, even against the U.S. uncertainties alone, a yield of about 5.4 per cent on the shares at 210p does not look

good. In the year to June, Consoli-dated Gold Fields earned a current cost return of 20 per cent on the funds employed in its gold operations, turning what might have been an uwful year into something wholly respectable.

Net profits fell 22 per cent to c57.2m but the whole of this drop is attributable to the absence of nonrecurring tax and interest items which flattered the previous year's figure. This time, the non-recurring items are mostly in the other direction. Consgold's hasty exit from drilling rigs and steel distribution in the U.S., still not complete, has produced a loss of £13.5m in the manufacturing and commercial di-vision, rescued by the strong perfor-mance in gold mining and aggre-

The mining cycle is moving decisively in Consgold's favour but, with the group's dividend cover water-thin and the overall cash outflow continuing, shareholders may be kept waiting for a dividend in-crease, At last night's price of 619p, the yield is 5.8 per cent.

### British Aerospace

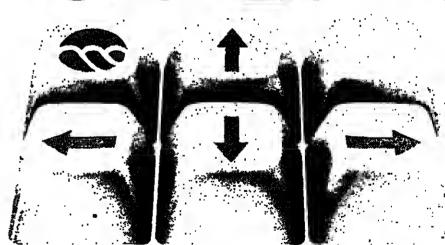
The British Aerospace share price has been hedge-hopping for some time now, on the back of pessimism from aerospace component manufacturers, lack of any substan-tial ordering from major airlines. and the expectation that the loss of closing the Hurn factory would bear beavily on this year's profits.

Yesterday's interim announce-ment did a good deal to dispel this gloom, lifting the shares 15p to f90p against a stiff market headwind.

Reorganisation costs of £19m, taken above the line, still left room for a 10 per cent gain at the trading level, and while per interest continued to dwindle, the pre-tax figure was barely lower at £36.5m.

The basis for this unexpectedly steady performance was the mili-tary side, where there is a stable workload from Tornado and a good flow of orders for missiles, There have also been signs of a pick-up in demand for the smaller civil air-craft, although a solid order for the BAe 146 has still to appear, and there is no question yet of BAe deciding to write back its £100m provision against losses on civil aircraft. Nevertheless, with more sales ac-

cruing in the second balf and a thinner tranche of closure costs. BA Gold mining may be cyclical but could see a pre-(and post) tax profit



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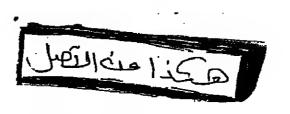
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ortugue

# FINANCIAL TIMES SURVEY

# PORTUGAL

Austerity has decended on Portugal's fledgling democracy as a result of the country's severe economic problems. Harsh measures are inescapable if Portugal is to achieve its desired aim of becoming a member of the European Economic Community—its lifeline for sustained growth

# **Economic** ills override all else

W

Exactly 10 years ago a monocled brigadier, Antonio de

Spinola, was still working on a book "Portugal and the future"

The tumultous politics that have followed the overthrow of Europe's oldest dictatorship are recorded on the walls, in layers of posters and graffiti. Names of the past—"Otelo"—still hit the eye, reminders of a time when Portugal veered in the direction of Cuba.

There is sense of

direction of Cuba.

It did not become a Cuba. instead it has become a rather instead it has become a rather self - mortifying democracy, without a majority leadership and condemned like Italy to operate with compromises. It is clannish, introverted, still isolated and backward by any European comparison, full of delightful anachronisms, living heword its means and deen in beyond its means and deep in

Portugal's situation bas turned from being a political emergency into an economic one. The country has suffered from early attempts to take short-cuts to economic development, from a failure to adapt to the second oil erisis and from a succession of governments that has looked like the French Equity Republic.

The country has suffered from the biggest dose of austerity since salazar; cuthacks in purchasing power, drastic since the tragic death of Sr trimming of the public sector, realistic prices, new lay-off laws and the opening up to private the same plight as the same plight as the restinalised as "irreversible of the South"

THERE ARE periods in the formed by Sr Mario Soares after histories of countries, like lives, so dense that they defy the normal sense of time.

formed by Sr Mario Soares after this April's elections is the 15th since the 1974 revolution. During that time Portugal has tried since the 1974 revolution. Dur-ing that time Portugal has tried out the ministerial calibre of literally hundreds of people who were never Ministers before. Elections of one kind or another which was to be the prologue to a revolution the following spring.

The tumultous politics that the unrepentantly pro-Moscow Communists—have bad a sbare

### Disillusionment

There is now a detectable sense of disillusionment that the horizons opened up by de-

mocracy have not proved more exciting or inspiring.

The last elections were fought with little enthusiasm. The coalition formed by Sr Soares with the Social Democrats, mainstay of the preceding Centre Right government, has been coolly received both by trade unions and employers, although there is precious little in its programme that could be called Left-wing.
What is being prescribed is

reassuc prices, new layout laws uncession of governments that and the opening up to private as looked like the French competition of sectors that were nationalised as "irreversible the Socialist-led Government conquests of the working

Not surprisingly, all this belt-tightening under the oncetightening under the once-ldealistic Sr Soares has pro-voked bitter sarcasm from his long-time Communist rivals. "Excuse me," be was depicted as asking in a carroon, "but can you tell me. I've forgotten: bow do you spell Socialism?"

The programme is more drastic than the stabilisation measures Sr Soares imposed late in his previous spell as Prime Minister in 1976-78 and takes place in worse circumstances not only economically but politically. Five years ago it was the first taste of austerity for wage-earners after considerable improvements in living standards. This is no longer so.

Labour unrest, traditionally concentrated in the Lisbon industrial belt, is certain to come next year with the inevitable rise in unemployment from its present rate (by union calculations) of 11 per cent. The oversized, overmanned and unprofitable companies of the public sector are expected to shed between 50,000 and 100,000 jobs. Prices — from transport to the Portuguese staple food, cod—have shot np.

But who could make it stick if not Sr Soares? The country's best-known politician abroad. Foreign Minister in the first post-revolutionary government, one of the architects of Portu-gal's European-style democracy, still popular and still a show-man, he has a claim to natural

Sr Soares sees himself as sharing the same plight as the other "Socialists of the South"

classes" (banking, insurance, tion of Italy, form a string of Democrat alliance. A weakened cement and fertilisers).

Socialist-led Governments along Sr Balsemao threw in the towel southern Europe—coming to in December. During the long power in lean times and unable interim before the formation of to pursue the policies they would like. Portugal was doing little more than anticipating a less chance for the system to the measures it would need to secure its agreement with the International Monetary Fund for a financing package, shortly to be finalised.

### Foreign debt

The economie situation Sr Soares' team took over included foreign debt that had doubled more than half as large as the country's annual Gross Domestic Product, a soaring budget deficit and a gap on the balance of payments current account that was proportionately bigger than anywhere else in the

The new Government may have gone out of its way to paint the situation as black as possible but the facts belp.
The blame placed at the door

of the previous government has an ironical edge to it since in this case it is the junior partner in the current coalition that is being pilloried for its improvi-Some of the new measures

are left-over tasks from the Government of Sr Francisco Balsemao, which tried several times unsuccessfully to push through laws on privatisation and spent a lot of time last year obtaining a reform of the con-stitution—removing the Council of the Revolution, the all-powerful military watchdog body, and replacing it with a consultative Council of State.

This important gain for par-liamentary government was fol-

More, therefore, may be bluned to the success of the pinned to the success of the Soares Government than its own No other coalition would appear possible in the present parliament and Sr Soares fears political vacuums.

The "presidentialist" temptation manifested itself at the

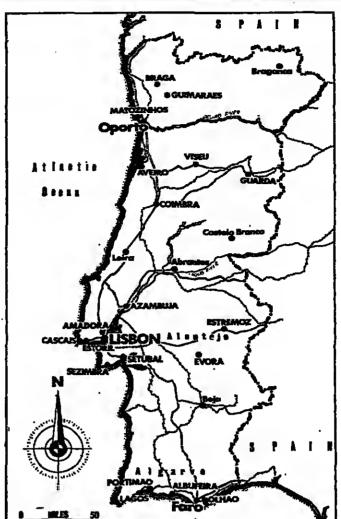
time of the elections, when a group of 199 personalties, in-cluding former Prime Minister Sra Maria de Lourdes Pintassilgo around Gen Antonio Ramalho Eanes, the austere, schoolmasterish president.

President Eanes' post — for which he is ineligible to stand for another term — comes up for election in 1985. Although Sr Soares is keeping his cards close to his chest he is known to believe the constitution would function better if the President (ie, himself) were of the same party as the Government.

This eventuality - of Sr Soares standing for the Presidency as the consummation of his career—would break in half the four-year contract the Government bas taken on and threatens to be a delicate problem for the coalition.

The two years is also the minimum time needed for pulling Portugal out of its economic mess. Until then, whether the programme succeeds or not, the Government's public image stands to take a Sr Soares, as one commenta-

other "Socialists of the South" lowed by the collapse of the unterpart Street and its said, is known as a —Portugal is trying the recent additional contemporary of the collapse of the unterpart Street and the said, is known as a —Portugal is trying the collapse of the unterpart Street and the collapse of the uniterpart Str



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tried as a specialised surgeon. A key choice in his government, and one of only half a dozen new faces, is Sr Ernani Lopes, recalled from Brussels to follow a long line of Finance

Sr Lopes is not a party man but a hit man for the economy and a link-man for Portuguese EEC membership. Community negotiations are a subject be knows backwards. Although Portugal accepts that its accession date will probably bave to be the same as Spain's—and despite the Prime Minister's close affinity with his Spanish counterpart Sr Felipe Gonzalez

Six-and-a-half years after Sr Soares himself first lodged a membership application Por-tugal can hardly contemplate any future that is not tied to the Community. Some like to the Community. Some like to talk of an alternative in a community of Portuguese-speaking countries or elsewhere but there is really no eboice.

### No choice

Sr Soares meanwhile reaffirms Portugal's commitment to Western defence as a Nato founder member. Talks are due with the U.S. on an extension of base facilities, with Sr Soares leaving open the possibility of a

the Azores, which the U.S. already uses.
The question mark stands not over Sr Soares's intentions but over wbether his Government has the imagination the country so sorely needs.

A Mediterranean people tem-pered by their Atlantic climate, the Portuguese form a society that still bolds remarkably together with little more by way of conflict than village border disputes. But theirs is also a country beset with bureaucracy, fiefdoms, corruption and a large claudestine economy. It is a of base facilities, with Sr Soares ism where poverty is never far leaving open the possibility of a away, clinging—but only just—mainland base in addition to the continent of Europe.

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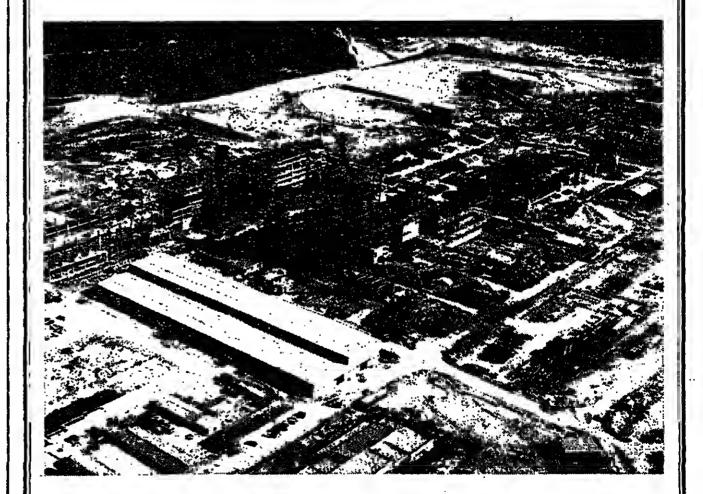
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# Steering a course through the fog of debts

The Economy

DAVID WHITE

IT WAS the latest spectator event in downtown Lisbon; huge salvage cranes trying to right the obstinate hulk of a container ship which collided with another vessel in a Februwith another vessel in a reord-ary fog three years ego and proceeded to lie there capsized in the Tagus, right off the Praca do Comercio.

People brought their sand-wiches and waited, with a mix-ture of good humour and

fatalism, for the work to start— well behind schedule as it was. The lifting company, working on a " no cure no pay " contract. was baving problems.

For a maritime nation it

made e suitably maritime—if unflattering—symbol of the plight of the economy.

Sr Ernani Lopes, the Finance

Minister, has no "no cure, no oay" cleuse, however. He knows that e cure is a long wey
off and that the best that can be
done at present is to remove the
danger to shipping.

He does not mince his words about the "inconsistencies . . . debonair use of financial mechanisms . . . economic irration ality . . . a chaotic subsidy policy " and " irresponsibilities " that brought Portugal to the state it reached this year,

The current account deficit bad reeched over \$3.2bu, two and a half times the figure two years before and more than 13 per cent of Gross Domestic Product (GDP). Portugal's foreign debt was baif as much again as in 1980, touching \$13.5hn at the end of last year, or 59 per cent of GDP one of or 58 per cent of GDP, one of the highest rates anywhere in the world. The losses of the dozens of non-financial public sector companies were, more-over, still worse than in 1981, when they almost tripled to some Esc 31 bn.
Until the summer Portugal

was encountering difficulties in lts borrowing, on both political and technical grounds. Interim funds from the Bank for International Settlements were paid for - though the operation was camouflaged in other language
— out of "Salazar's gold,"
Portugal's close to 700 tonnes of treasured reserves.

It is understood that up to 50 tonnes will have been sold in this way, although there is now no further need.

with the International Monetary Fund (IMF) takes the strain off the debt situation and summer inflows of foreign currency from tourists and emigrants eased the immediate short-term

problem.
Under the IMF pact, pegged to spending curbs, cutbacks in the state sector and a reduction - Sr Lopes will not say by how much — in real wages com-pared to inflation expected to rise this year above last year's 22 per cent, ceilings will be imposed on foreign as well as

domestic credit, ending the rently \$14.1hn, will, It is hoped, stay within a \$16bn limit next year. The reduction of deficits is a harder job than it was in the

The short-term debt, which reached 32 per cent of the total but has since been brought down to 28 per cent, is scheduled to drop further.

Financing needs for this year, when the current account target is a reduced deficit of \$2bn, will be covered by the first tranche of the IMF's \$480m standhy loan and the delivery of betweeo \$200m and \$250m of a compensatory facility. The Government is expected to make another \$300m syndicated borrowing, allowing another institu-

Plans next year, when the secood and third IMF tranches are due, are geared to a reduction on the current account to around the 1980 level at \$1,25bn-

The budget deficit, according to the plan, is to be pulled down out of double figures in terms of its share of GDP to 8 per cent next year and 6.5 per cent, still a fairly high rate, in 1934.

phase in 1972. Without the untapped reserve of export potential Portugal had then, without
the same favourable import
stock situation, withour the
sudden inflow of remittances
from previously mistrustful
chargements, the plan has to rely
on cutting expenditure at the on cutting expenditure at the expense of employment.

The Government is cunning concurrently on 18-month emergency plan, a three-year recovery tion to go to the market. programme and a four-year modernisation project in preparation for EEC entry. Sr Loper's priorities are modarnising the banking sector,

modarnising the banking sector, restructuring stete industry (which may become the hottest issue of ell), regonal development (for which Portugal depends on the prospect of EEC funds) and "internationalisation" (also very largely geared to the membership prospect). Foreign indebtedness, cur-

great dearths in Portugal.

It is too early to determine whether the capital flight that huilt up at he heginning of he year—a sure indicator of conprevious Socialist-led austerity phase in 1972. Without the unyear—a sure indicator or con-fidence levels—is being re-

Sr Lopes is a believer in the resilience of the Fortuguese economy. The country has important advantage in a relativaly adaptable work force and low wage levels.

But it sustained a hlow to its morale in June when Ford finally called off its plan to build a car plant at Sines in the south—a factory that would have been Portugal's biggest foreign investment, its biggest exporter, provider of 6,000 direct jobs and justification of the amhltious Sines development, unfortunately conceived just at the ttime of the first oll crisis. The anticlimactical end to four years of negotiations showed that Portugal, like sblps stopped being dogged by bad

PROFILE: PRIME MINISTER MARIO SOARES

# Hard line supported by his countrymen

MARIO SOARES does not care to live in the stately villa tucked away behind Parliament that serves as nfficial residence for Portugal's Prime Minister, He prefers to return to the family home at the end of a long day and relax with an expanding family that now includes two granddaughters. But Sr Soares is attached

to the luxuriant grounds of the official residence. He likes to think on his feet, pacing along the well-trodden aths in one of Lisbon's best tended green spaces, In his second stint as Prime Minister since Portugal became a democracy in 1974, 58-year-old Sr Soares has much to think about.

He heads a government pledged to highly unpopular austerity for 18 months—the only known remedy for Portugal's hloated current heated private and public

He has no choice but to see unemployment rise and incomes fall under his administration—a hard test for a man who experienced the bitterness of defeat in 1978 when the internal contradictions of his Socialist-Christian Democrat coalition prompted President Antonin Ramalho Eanes to dismiss him summarily and appoint the

Watching Portugal stumble through months of enforced austerity is a particularly bitter pill for Sr Soares to

or Soares was grooming himself—well out of the political spotlight—for the 1985 presidential elections an unsurprising target for a senior politician who has few competitors in any party for the top of the polls as his country's most charismatic and durable civilian leader.

One rival for popularity, President Eanes, who cannot run for a third term but is not keen to abandon politics when he leaves the pink palsce of Belem in 1985. threw a spanner in Sr Soares plans to stay out of everyday

By dissolving Parliament and calling an April general election this year President Eanes presented Sr Soares with a dilemma: either to stay in the background and risk seeing his party lose the election without the Soares' charisma or step forward and risk ruining his image at the head of a government des-tined to burt the working man's pocket in no uncertain



Sr Mario Soares-his stock is rising steadily Sr Sources chose to do his best in power-not a surpris-ing decision for a man who loves a political showdown even more than he loves walks in a garden. So far his stock is rising steadily; it seems the Portuguese prefer to be govened by a tough hand than allowed to wander into bankruptcy.

**Dianna Smith** 

# Fresh package of incentives

Foreign Investment

FRANK GRAY

FOREIGN Investment Institute of Portugal has spent most of this year displaying outward calm in the face of almost calamitous adversity.

Established six years ago as the chief conduit for overseas

companies seeking to set up in Portugal, it has struggled through two years of sub-normal investment. This was aggravated by the slowdwn in economic reforms by the former envernment of Sr. Francisco. government of Sr Francisco Balsemao and the lengthy postelection negotiations that followed the return to power last April of Sr Mario Soares.

As if this situation were not bleak enough, the organisation received a stunning blow in June when the Ford Motor Company decided not to gn ahead with a major project to assemble vehicles at Portugal's under-used petrochemical and industrial complex at Sines, south of Lisbon.

The \$1hn project was to have beeo the largest foreign invest-ment deal in the country; it was to employ 5,000 workers to assemble some 200,000 vehicles a year. Above all, it would bave put the Sines site to the use for which it was designed diversified use for which it was that were nationalised in 1975; designed a decade hefore and cuts in public sector investment; would have given the Institute and a 12 per cent devaluation of a flag to wave at any major in the escudo—all definite pointers dustrial concern looking at to a revitalisation of the busiPortugal as a place to estabness climate and establishment

But Sr Alexandre Vaz Pinto, taking heart from the fact that Lopes as Finance Minister. His Ford's rationale for saying no is determination to make his that the international vehicle department a lean end efficient market is still not right.

Furthermore, there was no itself felt in the Foreign per cent of the total and denigration of Portugal as a Investment Institute, which Portugal would like to see much plece to invest. The fact that reports to his Ministry. plece to invest. The fact that Ford bas "indefinitely post-poned" rather than "cancelled" the project means it may live to fight another day.

But perhaps the principal

reason for the Institute's com-parative calm is the fact that Sr Soares' socialist Social Democoalition Government has finally leapt into action with an unprecedentedly busy sum-mer proposing and enacting distinctly non-socialist legislation.

# New life

It is this legislative posture that the Institute hopes will hreathe new life into the country's investment climate. Perhaps chief among these are

Labour Ministry proposals to enable economically troubled companies to lay off employees, albeit with the proviso that those affected will be paid 66 per cent of their salaries for up to two years. It was the lack of such been a factor in the Ford decision to postpone its plant. Sr Vas Pinto acknowledged in e recent interview that layoff legislation was vital if largescale labour-intensive projects were to be won.

Other positive signs derive from a general law allowing private capital to be invested in the banking, insurance,

Institute's president, is Soares' choice of Sr Ernani

But the foreign investment sector can count itself lucky at

having escaped the wave of nationalisations undertaken by the revolutionary Government in 1975. This is one reason why, despite the world economic recession, tha country has been able to score some impressive successes in recent years.

Chief among these was a \$600m deal allowing Renault of France in 1980 to set up four plants in Portugal for the manuplants in Portugal for the manufacture mainly of cars, gear-boxes and engines. Employing 3,300, Renault last year exported one-third of its 33,000 cars and half each of the 53,000 gear-boxes and 47,700 engines.

General Motors of the U.S. has also hecome the main foreign partner in two companies—Cablesa, a cable manupanies—Cablesa, a caple manufacturing concern, and Inlan, a plant manufacturing rubber and plastic automotive accessories. The two plants have a comhined investment of nearly \$50m and employ around 1,000.

Because there is no particular requirement for Portuguese equity participation in the investing companies, many of the concerns, particularly in the electronics industry where there are 150 companies, ere 100 per cent foreign-owned.

Among them are Grundig, Philips, Siemens, Robert Bosch and General Electric, all of which own nearly a 100 per cent a hare bolding in their Portuguese operations and which collectively employ soma 2 000 workers.

last year led a technical mission to Tokyo to drum up business from Fujitsu and Hitachi in the electronics sector, as well as Honda, Mitsubishi. Nissan and Toyota in the vehicle industry.

As with other national investment institutes Sr Vaz Pinto's organisation offers a wide range of incentives for investors, including cash supports, tax hreaks, interest rate rebates and subsidies for employee training.

# Earmarked

It has also earmarked numerous regions around the country on a scale of priorities.

Not surprisingly, those most in
need of industrial build-up, and
where investors will get their where investors will get their best incentives, run along the Costa Verde region in the north and the full length of the country along the Spanish-Portuguese border, virtually from Braganza to the edge of the Algarve.

The second most important regions are around Coimbra, midway between Lisbon and Oporto, Santarem, just inland from Lisbon, the Sines estate to the aouth, and along the Algarve. The lowest priority regions are in the Lisbon and Oporto areas themselves.

privale capital to be invested in the banking, insurance, cement and fertiliser sectors that were nationalised in 1975; cuts in public sector investment; and a 12 per cent devaluation of the escudo—all definite pointers to a revitalisation of the business climate and establishment of image of stability.

An added bonus was Sr Soares' choice of Sr Ernani Lopes as Finance Minister. His determination to make his determination to make his department a lean end efficient tool of Government should make

# PORTUGAL III

# Tough targets to reduce trade deficit

### Foreign trade and Industry FRANK GRAY

THE International Monetary Fund (IMF), will no doubt be pleased with the performance of the Portuguese current account in the first quarter of this year, when the country's chronically huge trade deficit was sharply reduced. But the IMF will not be con-

tent until it gets much more of the same as the year goes onsuch are the tough targets Portugal must achieve if it is to continue to tap into the Fund's resources to enable it to buy time on the road to

Portugal reported a reduced current account deficit of \$668m in the first quarter, down from \$1.08bn in the corresponding period a year before. Indica-tions are that improvement con-tinued in the second quarter, although find figures have yet

although find figures have yet to be compiled.

Imports for 1982 totalled \$8.97bn and exports \$4.1bn, compared with \$9.2bn and \$4bn respectively the year before. The imbalance follows the pattern over the past decade, with imports invariably doubling exports. doubling exports.

Perro

ymen

nave

Traditionally some of this alack has been taken up by Portuguese working abroad, who are enticed to set up high interest blocked escudo accounts back bome. But emigrants' remittances too have been slipping, from a peak of \$2,76bn in 1980 to \$2.68bn in 1981 and an estimated \$2.5bn last year.

### Chief problem

The chief problem area has been France, where about Im Portuguese live but where exchange controls and a national economic crisis have curbed the flow of funds into accounts which can carry up to 30 per cent interest per year. There bas been some strength

Esc 69.7bn (\$570m) in receipts in a dillemma; despite a Govern-from foreign visitors taken in ment study showing a need for

DIRECTION OF TRADE						
IMPORTS (Esc bn)	1980 493.3	1981 622.9	1982 789			
Sources (per ceut): EEC	39.7	37.6	40.1			
Efte	7.6	7.4	6.8			
Other OECD	21.2	23.3	20.5			
Angola	0.2	0.2	0.2			
Mezambique	0.2	0.2	0.1			
Other oil producers	21.1	21.7	20.9			
Sundry	10.0	9.6	11.4			
EXPORTS (Ese bn)	248.9	275.7	331			
Destinations (per cent): EEC	54.6	53.4	57.1			
Efta	12.9	13.3	12.7			
Other OECD	12.2	10.4	14.7			
Sundry	19.3	22.9	15.5			

The price controversy stems

country of small businesses. In

have a work-force of less than

With direct financial aids to

investment and technical train-

been a near trebling of output in the past decade and steady increases in exports.

expected to undergo rea

Source: Bank of Portugal

recovery.

This summer the IMF provided Portugal with a \$480m standby loan. Almost as a reward for this, the Bank of schemes, making them more Portugal reported a reduced current account deficit of scarce funds. scarce funds.

Temporary limits on consumer goods imports will last until April 1984. These quotas follow a period of overheated import-ing and the build-up of specula-tive stocks by the business com-

Given that 1983 was an election year, it is not surprising that there was a wave of acrimony from businessmen, still smarting from the nationalisation programme of the mid-1970s.

recent years there have been efforts to group them into larger and more efficient concerns—of the country's 15,000 industrial ememprises 12,000 Until recently the Confedera-tion of Portuguese Industry (CIP), which represents private sector businesses, justifiably complained that nothing signifi-cant had been done to resolve outstanding problems that had drained Portugal's resources. It pointed to the lack of public expenditure control, irrational public sector investment and dependence on foreign suppliers for energy and food.

for energy and food.

But textiles, by far Portugal's most now the Soares Government has begun a drive to rein in the excesses of the public production, although this is sector, successive packages of measures will retrench investmeasures will retrench invest tion as a run-up to EFC entry.
ment in projects considered unsuitable for Portugal's meagre meant that in 1982 Portugal's suitable for Portugal's meagre resources, will restructure top-heavy public companies and will place their spending under closer supervision. These com-panies' foreign borrowing is now unhant to tight entires.

There bas been some strength from South Africa, bome to 600,000 Portuguese, but Brazil, where millions of emigrants live, is considered a lost cause because of the chronic weak-ness of the cruzelro.

The country can take some commy is exemplified by the steady recovery of the tourism ing sector, where probably the steady recovery of the tourism ing sector, where probably the steady recovery of the tourism ing sector, where probably the steady recovery of the katter 1970s but which is likely to be 5 per cent than the loans. This has put the sector Portugal's textiles and clothes, where to the UK, where sales rose 45 per cent over 1881, but similar large jumps of 47 per cent and 55 per cent were registered in Germany and France, which take 13 per cent were to buy rather than the loans. This has put the sector Portugal's textile exports.

Nevertheless, the EEC last open cont of Portugal's textiles and clothes, a 53 per cent rise on the previous year. A quarter of this sales which yield never to the UK.

Nevertheless, the EEC last open cont of Portugal's textiles and clothes, a 53 per cent rise on the previous year. A quarter of this sales rose 45 per cent over 1881, but similar large jumps of 47 per cent and 55 per cent were
registered in Germany and
France, which take 13 per cent
and 12.5 per cent respectively of Portugal's textile exports.

Die-hard traditions of waiting soing out to sell cannot be cured in a few months but the bleak
for customers to buy rather than a few months but the bleak
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fact of Portugal's external imfrom foreign visitors taken in ment study showing a need for ment study showing a need for ment study showing a need for timber products and cork, electing from the Government, which is formulating extensive plans to organise and promote tourism as the high cost of materials and copying more modest growth.

Totalgal State Capter State of Pulls and cork, election of pulls some order into a messy timber products and cork, election of pulls some order into a messy public and private sector should footward and point wine—are organise and promote tourism as

In overall trade 57.2 per cent of the country's exports went to the Community last year, compared with 53.4 per cent the year before. Some 40 per cent of imports originated in the EEC, up from 37.8 per cent the year before.

pull that has given Portugal natural markets and paradoxi-cally has taken what is coned by many trade officials sidered by many trace omcass to be too high a proportion of exports, when the country should be diversifying rather than simply shifting its markets. The country's exports to North America rose to 7 per cent last year from 6.2 per cent the year before and imports eased to 11.4 per cent from 12.6 eased to 11.4 per cent from 12.0 per cent. Japan, a new player on the trade scene, takes a fraction of Portugal's exports but already bas 3.4 per cent of

the Portuguese market share.
In the age-old belief that only ill-winds blow from Spain, Portugal is maintaining its independence from what should market resistance to inflated from the fact that Portugal pays its workers an average of \$2.21 per hour, the lowest Europe, be its most natural trading per hour, the lowest as Europe, compared with \$11.70 per hour paid on average in West Germany, the highest. These figures published by the Foreign Investment Institute, show the average wage in Britain at \$7.26 per hour. Small flats are typically sold at around Esc 4m (255 000) partner, sending just 3.6 per cent of its exports across the border, with Spanish goods occupying 5.9 per cent of the domestic market.

### Performance

Indicative of some of Portugal's trade problems is its performance with its former colonies and with the oil-producing countries of the Middle

Last year exports to Angola, Mozambique, Sao Tome, Guiner-Bissau and Cape Verde collectively fell to just 5 per cent of overall exports from 7.6 per cent the year before and double. cent the year before, and double digits a few years before that. A Governmentled trade mis-

ing support, the moves have registered success in the foot-wear industry, where there has sion was sent to Africa last year to shore up trade relations and muemorus joint ventures with Mozamblque are heing developed. But Angola, torn by war, remains a problem with-

out solution.

Exports to the Middle East were just 3.8 per cent last year, while imports, nearly all oil. rose to 13.7 per cent from 12.8

per cept.
The Government is making a textile export quotas to the EEC were not filled in several catecritical review of its trade and tourism promotion offices. It plans to close those which yield next to no results and redeploy resources to areas like the U.S. where Portugal needs to sell

Portugal's other chief exports fact of Purtugal's external im-

# The Portuguese Economy 1983-4:

# Austerity as a condition for modernisation

At present the Portuguese economy faces serious difficulties in relation to its financial situation. In 1982, the nation's current account deficit amounted to US\$3.2 billion. Having risen from US\$7.3 to US\$14.2 billion, between the end of 1979 and April, 1983, the external debt has further aggravated the seriousness of the problem and this, in turn, has indicated the need to draw up rlearly defined and immediate measures in regard to economic policies.

### THE OBJECTIVES

The Government, which came to power on the 9th of June 1983, has set out these measures in an 18-month "Emergency Short-Term Programme" (operating up until the end of 1984). Basically, the programme involves international financial co-operation-namely the negotiation of a stand-by agreement with IMFand the implementation of a strict stabilisation policy, based on the restrictive guidelines contained in the budget and the annual plan.

This policy aims at two basic targets in relation to the external account situation;

- A reduction in the current account deficit which in 1983 is programmed to reach US\$2 billion;
- (b) A consequent cut-back in the pace of external indebtedness.

### THE MAIN MEASURES

The main measures of the "Emergency Short-Term Programme" were announced in June including, amongst others, a devaluation of the escudo (12%), an important reversal in the Government's pricing policy, with a substantial reduction of state subsidies, and a significant lowering in the volume of public investments planned for 1983.

In order to pursue this adjustment policy a new set of measures and guidelines were announced on the 9th of August:

- —A two-point raise in deposit interest rates and a two and a half-point raise in loan operations rates;
- -A total revision of the present interest rates bonus systems;
- -The maintaining of the present foreign exchange policy, refusing further point devaluations and keeping the crawling-peg monthly devaluation at 1%;
- -A wage restraint policy for state enterprises and the civil service—a measure which should induce similar effects in the private sector;
- -The cut-back of public spending and the implementation of additional measures of direct and indirect taxation in 1983, aiming at the reduction of the public sector's deficit:
- -The limitation of financing requirements and the increase in self-financing of public
- —The control and reduction of public firms' investment programmes;
- -The implementation of a realistic pricing policy in state enterprises;
- -The adoption of supportive and straightening out economico-financial measures in state enterprises which happen to come under the official heading of "Companies in Economic Difficulties"
- -As an overall guideline of the economic policy, the introduction of additional flexibility in price structuring processes (namely in what concerns governmentcontrolled prices).

# THE IMF AGREEMENT

The objectives and main stabilisation policy guidelines defined by the Government have been set out in a Letter of Intent which was sent to the International Monetary Fund. This Letter of Intent was signed by the Portuguese authorities in Lisbon on the 9th of Auugst following negotiations with an IMF staff mission which started on the 18th of July. The document is scheduled to be placed before the

IMF board for appraisal during the month of

Support given by the International Monetary Fund to the guidelines of the Government's economic policy opens up prospects for the achievement of three important objectives:

- -The creation of conditions enabling access to the International financial market which is of particular importance in present circumstances, disturbed as they are by repercussions resulting from the accumulation of the developing countries' debt;
- -The access, during the period covered by the agreement, to stand-by credit, totalling 445 million of special drawing rights;
- -The possibility of access to supplementary funds under the "Compensatory Financing Facility."

### THE MEDIUM-TERM OUTLOOK

The Portuguese economic policy intends to materialise the adjustments imposed by the general conditions of the world economy after the second oil shock. Implicit in this orientation is strict restraint on domestic demand, which inevitably affect consumer and investment expansion. On the other hand, export activities will be encouraged.

However, the contention of domestic demand and, in particular, the management of a restrictive credit policy, will be carried out on a selective basis. In fact, it is the Government's intention to create comparatively more favourable growth conditions for a group of activities of strategic importance within the sphere of production. As part of this policy, support will be given to housing and the building industry, to small and medium-size industrial enterprises and to export activities concentrated on new products and/or new markets.

The Portuguese Government considers that the country's basic economic difficulties arise out of deep-seated problems of a structural nature which the stabilisation policy cannot resolve by itself alone.

The "Emergency Short-Term Programme" will be backed up, immediately, by the progressive implementation of two other interrelating programmes:

- 1. A Financial and Economic Recovery Programme (FERP), which will operate for two or three years, to enable the medium-term creation of solid bases for the healthy functioning of the economic and financial system. This programme will cover:
  - (a) Reorganisation operations within the institutional framework of economic activity, namely in what concerns the financial system and regional develop-
  - (b) An overall action in the area of the management of public firms.

The FERP will be, at the same time, the term of reference for current policy and a starting point for a real solution of those problems holding back economic development.

2. A programme for the modernisation of the Portuguese economy, which will operate for about four years. This programme will constitute the co-ordination instrument for actions aiming at structural reorganisation of the economy.

Due to its more complex nature, this programme requires further consideration of its future impact on the economy.

Conceived with the idea of dealing with the Portuguese economy's most difficult problem-its development-this programme will cover a three- to four-year period and will be closely interrelated with Portugal's accession to the Common Market-a priority goal in the Government's foreign policy and a basic element of its economic policy.

# Climate starts to change

# Banking

HTIME AMAID

THERE ARE nine nationalised banks in Portugal with nearly 1,000 branches altogether. They are heavily staffed, at an average of 42 people per branch compared with an average of 16 per branch in Britain.

Bank employees enjoy a welfare system inherited from the paternalistic past before the 1975 revolution, when Portugal's 14 commercial banks were owned by members of the wealthy objopoly that controlled business and industry — such as they were in a country lagging decades behind Europe in economic growth and

Banks and the assets of the oligopoly were prime targets of the Communist Party and its military allies in 1975 when the revolutionary vanguard briefly pushed a bewildered nation as along to the brink of Soviet. close to the brink of Sovietstyle state ownership as any Western European state had come to 30 years.

By nationalising the banks on March 14 1975 the Military Council of the nevolution dragged what was then 53 per cent of Portugal's fixed capital formation into the hands of a revolutionary state. The banks acted as holding companies for the lion's share of major the lion's share of major commerce and industry.

The number of banks was pruned from 14 to 9 through mergers but the number of employees swelled, Bank owners end senior managers were sucked by the workers. Some were arrested by political militants armed not only with guns but with blank warrants signed in bulk by muddle-headed military men eager to prove their revolutionary eredentials.

or pretending to be - revolu-tionary. After 48 years of police repression of even moderate political dissenting bank staff, new commissars of the people sporting newly grown beards and scanning customers for signs of "fascism" (a man with a shaved chin, business suit or clean shirt in those mercifully brief times was brave to use a Portuguese bank) indulged in marathon political meetings and exhaustive discussions of half-digested Marxist theory, repression of even moderate

Marxist theory, If a customer bold enough to stray into those hives of indoctrination was unfortunate enough to be in a burry to cash his cheque or discount his letter of credit—well, he waited. The banks belong to the people, said the Communist motto—overlooking the fact that customers were people.

# Shock waves

The shock waves of the revo-lation subsided. The beards were shaved off, the political rap-sessions waned—but not, until recent introduction of

Portugal was left with an overmanned and overcentralovermanned and overcentralised banking system that had cautiously begun to modernise in the early 1970s, taken a brief damaging pause for agitprop in market unsophise of capital mechanication see the capital mechanication of the capital mechanicati of capital, mechanisation, staff training, management exper-tise and competition if it was tise and competition if it was to behave like a fully-fledged banking system learning to operate in the waters of inter-national finance through expansion abroad of its stronger

sucked by the workers. Some were arrested by political militants armed not only with gurs but with blank warrants signed in bulk by muddle-headed military men eager to prove their revolutionary credentials.

For a brief turbulent period bank staff, including messengers and cleaning women, ran the institutions, usually according to whimsical or vandictive notions of how "people's hanks "operated, Many used their access to information on political and political and provided their access to information on the suckets of the estimated that of the 22 representative offices of foreign hanks now operating in Lisbon or Oporto possibly half would be keen to move to a full branch when the law permits, and received sense—drive to liberal-legislative tools shunned by legislative tools shunned by legislative tools shunned by legislative tools shunned by more conservative predecessors and rammed through parliamentally provided interbank money operating in Lisbon or Oporto possibly half would be keen to move to a full branch when the law permits, legislative tools shunned by legislative tools shunned by more conservative predecessors and rammed through parliamentary precepts that will give private espital a change to interbank money operating in Lisbon or Oporto possibly half would be keen to move to a full branch when the law permits. The wholesale trade is more attractive to the few candidates but even they are not quite parliament through parliament and throu

private scores that had nothing to do with political dogma.

The business of banking was only to banking but also insurance, cement and fertiliser manufacture. manufecture—and a law setting the rules of the hanking game will be passed by the Soares Cebinet. If the communists make a fuss—they are expected to—Parliament must debate it.

There are no plans to denationalise the nine banks. At most, maybe somewhere in the very distant future, is there a yery distant future, is there a germ of an idea to merge the weaker vessels—a label for which four of the nine qualify—with the stronger ones.

This prospect displeases the stronger banks whose progress towards profitability and expansional profitability.

sion has been despite having too many employees. The last thing they want is several thousand more. What they need is bright well-trained young man et managerial level who do not suffer from redtapeitis. But such young men are rarely attracted to the nationalised banking system and having attended top business schools abroad usually seek employment in top foreign

With the advent of private capital, Portuguese or foreign—with no legislative discrimination in favour of either as the Treaty of Rame dictates—the stronger nationalised banks will competing with new

Portugal's modest domestic market - 9m people with unsophisticated notions of bankunsophisticated notions of banking with a gravely undercapitalised business and
industrial sector needing to
learn about modern management and investment—is unlikely to attract a food of
foreign banks seeking retail
business.

It is estimated that of the 22
representative offices of foreign

Who sets np shop and how many "sbops" are deployed around Portugal hinges on the capital requirement for new private banking institutions. It is understood this could be Es 1bu—\$8m at present exchange rates—a sum meant to attract major operators by

A handful of American and European banks have for some years been actively lending to Portugal at multiple levels for the Republic of Portugal import financing, club loans, financing for the major state-run concerns. They are likely to be more welcome than others should they choose to move into a fully-fiedged operation from the lpw-profile realm of a representative office.

# Willingness

Their continued willingness to be strongly exposed to Portuguese borrowing in the years to come would increase their standing in Portugal.

Many foreign banks, especially the Europeans, have tested the Portuguese water, involving themselves in investment or leasing companies that have begun to operate strongly in the last 18 mouths. Provid-ing services faster and with fewer bureacratic tangles than the nationalised system, they have met buoyant demand despite the economic crisis.

The personal traumas suffered by bank owners in 1875 appear to have faded enough for two families—the Espirito Santos and the de Mello's—to move discreetly back into banking. The former now having major holdings in a small American regional bank and a French bank, has representative offices in Lisbon. representative offices in Lisbon. The latter, through Jose Manuel de Mello, holds a third of a new investment company set up by Sr de Mello, Morgan Guaranty and Deutsche Bank.

Bitterness lingers on the part of those dispossessed in 1975 and those who, before 43 years of dictatorship were ended, had either to emigrate or be subordinates to e privileged minority. Recent legislative changes are no passacea but they at least end a period of equally frustrating privilege.

Ministry of Finance and Planning, Rua Da Alfandega, Lisboa

# Sportugal is the lure for winter visitors

### Tourism FRANK GRAY

PORTUGUESE tourism officials have drawn great satisfaction this year from the fact that Lisbon was chosen to host the 17th annual Council of Europe art, science and culture exhibi-

While the exhibition focused on developments of common European interest, this year's European interest, this year's presentation at various sites in Liabon (May 9—October 2) is paying special attention to Portugal's age of discovery and its empire. It is this interest in bistoric Portugal that the tourism industry would like to see emerge as an ingredient in the overall Portugalese fourism prooverall Portuguese tourism product—the more reasons one bas to visit Continental Europe's westernmost country, the more secure the industry is from the buffeting it has endured in the past decade.

The exhibition'a tens thousands of visitors are help-ing push the annual influx of ing puss the annual thick of tourists well past the peak years of a decade ago—significantly enough just before the 1974 Revolution and the years of economic and administrative chaos that were to follow.

### UK recovery

Britain, which is by far the largest contributor of tourists to Portugal, sent 511,000 visitors to Portugal in 1973. This fell to a low of 244,000 by 1978 and It was not until 1981 that it crept past 1973 levels. Last year Britain's tourists numbered 570,500 and the figure is expected to rise by 5 per cent this

The recovery means that Britons spent 3.1m bed nights in Portuguese botels and apartments last year; the Germans 1.1m; the Dntch 741,000; Spanlards 670,400; French 569,900; Swedes 534,400 and Americans 456,874 Americans 456,874

What the mid-1970s slump brought home to the tourism industry was its overall econto insulate itself better from

The sector is one of the most

important elements in Port-ugal's overall trade balance picture, a point noted by the international Monetary Fund rescue team which this summer provided Portugal with a \$480m standby loan. Last year tourism brought in some Es 69.7bn (£378m) in foreign exchange. Aided by a 12 per cent devalu-

vagaries of domestic off-peak season is heing undertaken in a programme called e sector is one of the most rant elements in Portso overall trade balance Portugal's Notional Tourist offices abroad make available offices abroad make available names and addresses of hotels and clubs throughout the country as well as on Madeira where visitors can water ski, surf, fish, ride, golf, sail and even shoot—the last being usually confined to clay pigeon

Portugal's tourism as Majorca is to Spain's, managed to escape

a peak of 64,800 in 1980.

3,000 beds and a variety of

Loan for airport

larger conventional jets, although it still cannot handle

sports facilities,

## TOURISM EARNINGS

		•		
	1979	1980	19g1	1982
EEC	32.8	38.7	42.3	44.5
U.S./Canada	12.6	17.6	20.1	22.9
World	41.0	57.4	63.7	69.7
Source; Bank of Portugal.				

ation this summer of the escudo shooting but with some quail

this figure should improve and partridge shooting avail-sharply able.

The Industry has recognised the need to build tourism into something that extends beyood the peak summer months. One official pointed out that the number of beds offered in all of Portugal, though centred mainly on the Algarve coast, numbers 150,000 — equivalent to Torremotinos, just a few hundred miles away on Spain's Andalucian coast and just one of Spain's many immensely popular tourist resorts,

It was Spain, be said, which reaped the henefits of Portugal's political crisis.

A restructuring programme has concentrated on the establishment of more recreational facilities along the Algarve. This region now claims six professional standard golf courses and many of the hotels have their own tennis and "deck sport" facilities and swimming pools — instead of leaving customers to rely on nearby beaches for recreation and relaxation.

A new golf course is being built near Estoril, along the Lisbon coast, just 15 miles from the capital, and a major sports complex including golf has been opened in the last year in Trola, 25 miles south of the capital.

The promotion of sport in the

hotels, the Meridien and the Novotel-

more slowly to the Costa Verde to the north, near the port-wine growing region. The region bas been hit by lack of adequate roads. Increasingly, however, inland resort botels in the wine region are being listed in travel brochures with flights operating through Oporto and the tourism office is promoting overnight stays in pousodos—hostelries situated in historic buildings in an effort to boost Portugal's most picturesque but least prosperous region.

The Costa Verde suffered not only because of the revolution but through the sudden shift in travel hobits. Several shipping lines which served Lisoon and the north a decade ago ceased operating because of the fuel nrice crisis. This meant a shift in the tourist flow from 50 per cent by car. 30 ner cent by air and 20 per cent by sea a decade Madeira, aa important to ago to 75 per cent by air. 20 ner cent by car and 5 per cent

the problems of the mainland during the revolution but was Brittany Ferries, the French passenger company operating from Plymouth to Santander, hit with its own crisis last year.
This came about because of the Spain, is understood to be con-sidering a triangular route that would add Vila Nova on the Costa Verde as a port of call.

twin effects of inflation—
Madeira's tourism is centred
mainly on five-star hotels—
and the unexpected loss of
cruise liner business from The move to boost Portugal's year-round attractions has had Britain because of the requisi-tioning of ships for the Falkits difficulties, particularly in the last year when faulty gas facilities caused the deaths last lands war. Tourism from the UK fell to 47,600 last year from year of 18 British tourists. Such facilities are only used in the The island's tourism industry has spearbeaded a shift to more aelf-catering and more mid-market hotel facilities, including construction of a lide in Funchal with a copacity of off-peak season-the very time of year Portugal needs more

The Government responded by consulting Britain on the safety issue and hy selting up a special inspection force to examine 6,000 self-catering establishments. Several hun-dred safety certificates so far An Esc 700m Europeon Investment Bank loan is enabling Madeira to lengthen its airport runway by 155 metres to enable it to take the larger conventional jets, have been issued but as a pre-caution special legislation, caution special legislation, effective November 1, has been prepared making owners re-sponsible under civil law to tourists. The Government emphasised also that any owner wide-bodied aircraft.

While the Algarve, Madeira
and Lisbon coastal area are all tricity supplies withdrawn by performing strongly this year— the Department of Energy,



The Algarve, a region popular with tourists and a major centre for golf and other sporting recreations

# Stuck in a time warp

### Agriculture DIANA SMITH

LABOUR INTENSIVE and backward in most areas, Portugal's nncompetitive agriculture bas been hisched to the highpowered and competitive Spanish agricultural wagon in the collective psyche of many members of the European Economic Community (EEC).

Medilerranean French farmers are bitterly opposed to Spain's potential challenge to their produce. The French Government has had little choice but to has had little choice but to take an approach at summit level that reflects the gut reacilion of a highly vocal and aggressive sector of the French electorate. Since there is a tendency omong EEG countries to view the Ibertan peninsula seen its modest production of wine, fruit, vegetables and vegetable oils turn into a bone of contention inside the EEG that is sorely delaying completion of accession negotialions.

farmer da Silva plants his peach. apple, pear and cherry trees close together and then wonders why he has a cherapple or a peareach with some help from the bees-and correction of confused land ownership and cooperative or collective forming in the Alentejo, where the Left tried to impose Soviet-style collective farms in 1975.

According to the EEC Green Paper on enlargement of the Community to Include Portugal, the share of Portugal's Gross Agricultural Product (GAP) in Gross Domestic Product is 14 per cent compared with 4 per cent in the EEC of the Nine. Growth of the Portuguese GAP is far below the rest of the economy—1 per cent only at constant prices between 1960 and 1975 and negative between

between 1960 and 1977 Portugal's per capital GAP fell guese spend over half their from 31 per cent of average EEG GAP; in Greece and Spain ratios rose from 26 to 43 per cent, and from 31 to 47 per the Capital GAP fell guese spend over half their earnings on their dally hread and other staples.

The ratio has worsened since the Capital GAP for the Capital GAP fell guese spend over half their earnings on their dally hread and other staples. cent respectively.

Meanwhile, of Portugal's working population of 3.8m, 28 per cent is employed in agri-culture compared with an EEC Dossier

Only when the Community compared with 8m in the mine-member Community compared with 8m in the mine-member Community compared with 8m in the so-called Mediterranean pro-

Government to intensify technical assistance to farmers, set up training schools for young farmers, liberalise atta-run purchasing ond marketing of foodstuffs, institute quality control—this in a country where

Small farmers—who number per cent of Portugal's arable to the fich man's Community land is pasture against 44 per cent in the EEC.

Liberalisation of grain purchasing promised by the coupled with high feeding costs means that Portugal must import large quantities of meat with strong repercussions on previous odministrations.

What members of this proud ond obstinate breed will do to EEC efforts to produce the perfectly round or red apple and grain of homogeneous quality is o philosophical question that the next decade or so will answer. Portugal will have a long transition period in which to try to herd its applicable into its antiquated agriculture into the late 20th century. Whether decades con cure the habits of centuries is an enigma.

### Ratio worsens

Portugal's isolation from the post-war European mainstream which kept its industry and agriculture in a time warp and production, productivity and wages a generation behind European levels, means that whereas the average family of today's EEC spends 25 per cent

as a homogenous whole regardless of political and historic fact, Portugal the underdog has cent, and from 31 to 47 per the Soares austemity drive decimated subsidies on staples like mated subsidies on staples like bread and milk and on ferti-lisers and animal feeds, that were driving annual budget de-ficits to unmanageable proportions and benefiting food pro-cessors and middlemen far more

What members of this proud the food import bill. Agricultural yields—another factor in an imported food burden that has exceeded 60 per cent of national demand in recent drought-prone years are obout 1.5 tonnes of wheot per hectare compared with EEC averages of 3.5 tonnes. Some foreign farmers in the Alentejo region, however, have achieved much higher yields in normal weather years of close to 4 tonnes per hectare, showing that proper management of lond and farming methods can pro-

> The Government has attempted to provide some tools for more efficient farming but their proper use depends on a highly individualistic breed of farmer. The U.S. bas had a steady

duce satisfactory results.

client for part of its rich grain yields thanks to Portugal's need to import massive quantities of grain each year. In 1982 im-ports of wheat, corn, oilseeds and rice were close to \$800m-a befty sum for a small country with a large trade imbalance,

Guarantees for \$620m of this sum came from America's Commodities. Credit Corporation, which lets beneficiaries repay grain loans in three years instead of a few months—in this instance on grounds that Portural to the common of the common of

mines what it plans to do with the so-called Mediterranean products will it be possible for Portugal to push ahead with its agricultural dossier.

Meanwhile, some figures illustrate the glaring poed for Meanwhile, some figures illustrate the glaring need for expansion of plans recently undertaken by the Soares

Obstacles to mastering the state of the country's total structure is anxious to avoid land mass. In the EEG the percent of paperwork inherent in the central mass. In the EEG the percent of mastering the state of mastering the state of the country's total structure is anxious to avoid land mass. In the EEG the percent of mastering the structure is anxious to avoid land mass. In the EEG the percent of mastering the structure is anxious to avoid land mass. In the EEG the percent of mastering the state of mastering the state of the country's total land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of the country's total land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of paperwork inherent in the land mass. In the EEG the percent of the country's total land mass. In the EEG the percent of the country's total land mass. In the EEG the percent of the country's total land mass. In the EEG the percent of the country's total land mass. In the EEG the percent of the country's total land mass. In the EEG the percent of the country's total land mass. In the

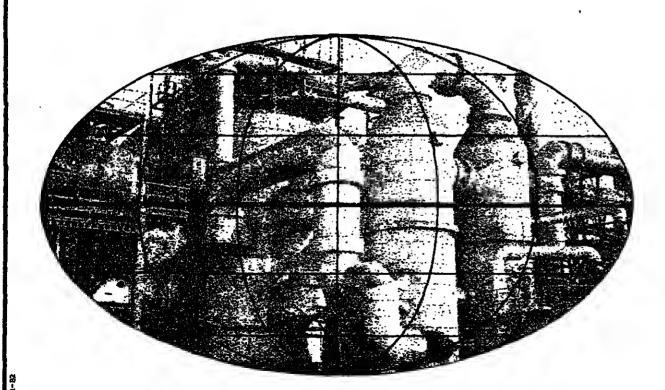
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# Targets need to be rescaled

### Energy DIANA SMITH

WEST EUROPE'S lowest energy consumer must invest tens of billions of dollars over the coming decades to catch up with European averages of today.

The exact scale of the invest-ment will be debated by the Soares Government in the next few months in the light of the austerity programme that must affect every aspect of the Portuguese economy for the next 18 Before Portugal's financial

resources shrank to perilous levels under the weight of the current account imbalances master long-range and mediummaster long-range and medium-range plans for energy that were three years in the making were unveiled by the previous government. Since the two scenarios deviaed for these plans —optimum annual growth of Gross Domestic Product of 5.5 per cent, or less dynamic, 3.9 per cent-are now superseded by the need to contain growth for the next few years, there will bave to be some rescaling of energy investment targets. But the guidetines for diversification of sources and means of energy production are not expected to alter substantially. aince Portugal's current and highly vulnerable dependence on imported oil and on hydro-electric reserves that have sbrunk with repeated droughts examine the short list of bidders cannot be allowed to drag on

energy prices that reflect real carriers and either trans-shipped costs. The Government is now to coastal vessels to feed small are no plans to produce wood tendering for specialist companies to make a survey of carried by rall.

Carriers and either trans-shipped are no plans to produce wood or beet alcohol for fuel. Wind energy and use of blo-gos—vulpanies to make a survey of carried by rall.

energy use in selected factories

so that the amount of wastage facilities to bandle large coal

fined proper finely may be a survey of carried by rall.

Because Portugal has no garly known as "poo power"—

in small rural communities will

carriers at the mount freight. of fuel oil or other fuels may be determined. Meanwhile the beavy subsidies on diesel and fuel oil are being phased out. imported coal uneconomical. Gradual replacement of oilfired power stations or industrial
boilers by other types of fuel

Looking ahead, if coal contons
sumption risea constantly the
south bank of the mouth of the
scene

interest repayable over ten years. Industry is also entitled to assistance with purchases of solar or other alternative energy

equipment. • Intensified use of coal for electricity generation and in the cement, cellulose and ceramics industries. A large coal-fired power station is being built near the port of Sines in the south, with tests due to hegin in 1984 using 500,000 tonnes of imported coal. The following year 1m tonnes of coal will be required. If the station expands according to plon it will consume about 4m tonnes a year

# Short list

for construction of a new coal

• Introduction of

emergy. The master plan considers this a highly advantageous form of energy since it permits use of national resources. Portugal has reasonable proven reserves of raw uranium and is prospecting for more. There is some resistance among monarchist or Left-wing groups to the introduction of muclear energy but the authorities feel that a sustained nuclear energy but the authorities feel that a sustained campaign of factual information on the subject will overcome the problem.

In principle, four to six from lower avoid any benefits In principle, four to six

pressurised water reactors producing a total of 4,000 to 6,000 MW would be the desired level. If a nuclear decision is taken by The Government is obout to the first reactor could be on examine the short list of bidders stream by 1995. Without a decision, plana will have to be 1980 and 1981 to just over 9m made for increased numbers of tonnes, after a 1979 high of

carriers at the moment, freight be promoted; some small units coats of transport in smaller are already using chicken or vessels are making the price of sheep droppings to produce the methane gas for small genera-

The master plans arrive on a scene that has suffered from fired power stations or industrial boilers by other types of fuel and great of alternative forms of energy—particularly solar—for water heating in domestic or business premises. Portugal has one of the top sunshine records in West Europe. A number of bome owners bave already acquired is solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the National solar panels, with 100 per cent of financing from the financing from the National solar panels, with 100 per cent of financing from the financing from the National solar panels, with 100 per cent of financing from the financing from the National solar panels, with 100 per cent of financing from the financing from the National solar panels, with 100 per cent of financing from the financing from the National solar panels, with 100 per cent of financing from the financing from the National solar panels, with 100 per cent of financing from the financing fr

# Efforts rejected

But at the end of the first quarter energy consumption rose by 7 per cent compared with the corresponding period of 1982, reflecting rejection of sustained efforts to save fuci and reduce the burden of fuel imports on the balance of pay-

The same from lower world oil prices. Successive increases in local prices of oil derivatives did little to deter car-obsessed private motorists or fuel-burning industries from health. the middle or end of next year, ing industries from having their

Decreases in oil imports in much longer.

dock and terminal at Sines. If made for increased numbers of tonnes, after a 1979 nign of the general energy plans go coal-fired stations, with amenage until 1990 and long range ahead. Sines would become a dant increases in coal handling increases of more than 8 per cent to 9.5m tonnes. Of the coal supplies for facilities. the following:

Savings of energy hy modermiaation and more rotional use
of industrial equipment, introduction of new technology and

other power stations and for
ticular emphasis on biomass and
hydroelectricity. In the biomass
field more wood or residual fucis
would be burned in small local

other power stations and for
ticular emphasis on biomass and
hydroelectricity. In the biomass
field more wood or residual fucis
would be burned in small local

other power stations and for
ticular emphasis on biomass and
hydroelectricity. In the biomass
and it la the authorities' resolve
to start reducing this ratin as
soon as possible.

sa Vine Indu

Grov

momentum that carried them strongly into overseas markets in the poom years of the 1970s. For the table wineries the push is coming against a back-ground of sharp overseas sales setbacks because of the recessioo and in some cases simple bad luck such as the collapse in recent years of the once-lucra-tive Angolan market. Last year some 760,000 hectolitres of

Wine Industry

FRANK GRAY

some 760,000 hectourres of table wine were sold abroad, just 7.6 per ceot of annual pro-duction and a fall from 1m bectolitres two years ago.

Port wipe producers are in a different position, as 90 per cent of their production goes abroad, mainly to France and Britain. They are concerned at the effects of market strong. the effects of market stagnation, inflation and what they describe as excessive Govern-ment interference which is impeding their range of marketing options. Port wine produc-tioo last year was 650,000 hecto-

growing regions in the world-producers also recently met in Oporto to map out a strategy to improve sales in the Netherlands, West Germany, Italy and the U.S.

In the table sector visitors to the Algarye in southern Portugal this summer have seen English-language posters urging them to try various red, white and rose table wines. Airline boarding passes and ticket holders carry commercial ad-

industry in a variety of foreign languages and keenly points out that more "marcas premiadas" wines, or premium brands, are available for export than at any

profusioo in more than two dozen regions, ranging from Moncae on the northern border with Spain to Lagoa oo th Algarve ceast, many vintners are still hampered by a lack of marketing expertise. In addition the industry feels that, with more than 1,000 wineries dotted around the country, there is too much diversification of produc-tion. This means that most producers de oot have a strong enough base to compete effect-

A further problem is that Portugal's chronic inflation and the cost of running a labour-intensive industry is driving up price

have overcome these structural problems, and have led the way in Portugal's penetration of foreign markets in the recent itioo last year was 650,000 hectolitres, 573,000 of them exported,
just a 4.6 per cent rise en the
previous year.

While they are lobbying for
a freer hand to conduct their
business—the port wine region
ef Portugal's Douro Valley is
one of the most regulated wine
growing regions in the world—
sex unit 49 per cent owned by seca unit 49 per cent owned by the Hneblein Food Company, the U.S. food and drinks distri-

> Sogrape, its rival, is better known through its successful Mateus table wines. So successful, in fact, was Mateus with its marketing in the late 1960s and early 1970s in the U.S., and more recently the UK, that it surpassed Lancers in foreign sales. Both companies now export some 3.5m cases of wine a year—about 1.5m fer Lancers and nearly 2m fer Mateus. The U.S. and Canada take most Por-

Growers set about regaining

sales momentum abroad

Two wine companies which

# PORT WINE EXPORTS (Rectolitres)

re	1982	1981	1980	197
y France	228,200	228,600	254,700	254,5
Bel-Lux.	109,100	69,600	78,300	64,8
UK	64,800	70,600	90,800	107,8
Netherlands .	46,700	37,900	47,600	41,4
W. Germany	27,700	37,800	47,600	41,3
e Denmark	24,080	22,700	27,800	28,0
Italy	23,190	29,900	31,000	35.0
f Soviet Union	18,900	18,700	18,900	17,1
	6,300	5,100	5.700	7,1
b Switzerland .	4,700	6,000	6,800	4,2
d U.S	3,700	3,200	3,500	7,1( 4,2) 3,5(
o All markets .	572,865	546,428	614,502	521,1
Source: Institut		Porto.	•	

Fonseca, while less successful ronsecz, while less successful with Lancers in Britain, has feund a way into the market-place with a leading supermarket distribution of its vinho verde, the white wine from the Minho regioo on Portugal's northern border.

The two companies made their initial sales with slightly sweet sparkling rose wines packaged, in Lancer's esse, in a ceramic-

the wine in them now is often white and red and the bleods have grown progressively drier as foreign tastes have grown more sophisticated. Their Por-tuguese identity succeeded in reds from the Dao region, one of the largest wine-growing areas situated in north-central Portugal, and ever-rising over-

seas sales of vinko perde. The strength of the British market lies not only in Britain's traditional ties as a trading partner and through its dominant port wine links but because it is also the largest supplier

especially for Sogrape Mateus. Europe, has been in Switzerland, a major importer of bulk wice rather than bottled wine, where shipments fell in two years to 125,000 hectolitres from 214,000.

The collapse of the Angolan market in recent years is the result as much of the eoding in the 1970s of colony status for the southern African nation as of that country's subsequent ciril strife and overall economic in Lancer's esse, in a ceramictype jug and, for Mateus, in a
flask bottle.

Beth remain trademarks but

Country attack economic
civil strife and overall economic
malaise. Wine sales to Angola
fell last year to 36,000 hectolitres from 107,000 in 1980.

The recession has bitten into U.S. sales, which stood at 196,000 hectolities last year, down from 230,000 in 1980. Brazil, at 15,000 hectolities, is tuguese identity succeeded in far below its potential owing epening the door to a range of to a barter arangement Brazil other wine exports, particularly has with Chile for the supply of

wines.
The wine institute is encouraged by strength in Japan, which last year imported 16,000 bectolitres

# Important sales

There is concern, however, that the roses continue to dom-inate overseas table wine sales, of tourists. Portugal last year although they now are just 70 sold the UK 53,000 hectolitres per cent of exports compared sold the UK 53,000 hectolities per cent of exports compared of wine, up from 49,000 two with 90 per cent in the late years ago. A stronger export 1970s. But wine officials are perfermance still was shown in West Germany, whose offtake in ance of the rosé wines in the 1982 was 55,000, compared with 1982 was 55,000, compared with 1982 was 55,000, compared with 1982 was 55,000 in 1980, while Italy was the EEC's third largest market to focal nationals as much as to focal nationals as much as they are to British and American tourists.

While the table wine producers feel their recent setbacks are temporary, port wine makers in Oporto-organised organised under the Associao do Expor-tadores de Vinho de Portoare facing a longer-term prob-

lem. While 1982 marked a slight recovery, exports were still below the record of 1979 when 628,600 bectelitres were ex-ported. In fact the industry points out that exports are not far different frem 50 years 250. when they first broke through the \$00,000 level. They have not varied much since, particu-larly during the table wine industry's expansion years of the 1960s and 1970s.

Port wine exports have net been able to "piggy back" on the growth in table wine sales and are unable particularly to get inte the potentially lucrative U.S. market. The U.S. has a long history of producing fortified wines, including port-types from California. Ireland, with 3.5m population consumes as 3.5m population consumes as much port annually, 3,700 hec-tolitres, as the U.S. with its

225m people.
While the Benelux countries bave shewn strength—as a group they are the second largest market, with an intake largest market, with an intake of 155,000 hectolitus—they have net been eneugh to offset sharp sales losses in France and Britain. France, the largest importer, has seen imports fall to 228,200 hecolitres in 1982 from 254,000 in 1979. The UK market, historically the sole raison d'etre for the existence of the port wine industry, has tumbled to 64,800 industry, has tumbled to 84,800 bectolitres from 107,800 in the same period. If this continues table wines could this year surpass port in the British market

# PORTUGAL

### FIGHTING UNSUSTAINABLE TRENDS

The Portuguese economy was severely hurt hy the world recession, although with some delay. After strong growth in 1980 (5.5%, the highest rate among OECD countries) GDP virtually stagnated in 1981, exports decreased and the current external deficit rose sharply. The international economic situation affected Portugal in a number of ways. Slow or receive growth in Furnity meant reduced. negative growth in Europe meant reduced exports of goods and services, while unemployment and shrinking real wages implied less remittances from the Portuguese emigrants. The external factors together with a level of domestic demand higher than in other OECD countries led to a sharp deterioration of the Portuguese external accounts during 1981.

During 1982, a tighter monetary policy and a stronger devaluation of the Escudo combined to progressively cool off domestic demand, while exports recovered. However, those developments were not enough to prevent a further deterioration of the current account. The increase of interest payments on the external debt and the decline of the emigrants' remit-tances more than offset the trade halance

According to the latest statistical data unemployment kept rising during the first quarter of 1983—but still stands at a rate lower than in several OECD European countries—and investment declined, partly because of a cut in public sector projects. However, there is encouraging news as far as the external account is concerned. The current deficit has shown a substantial reduction mainly due to another rise in exports. This should be the combined result of the expenditure reducing and

result of the expenditure reducing and switching policies and of the entry into operation of new exporting factories of chemicals and automobile parts.

Portugal now has a government with a comfortable parliamentary majority. This favourable institutional environment allowed the government to envisage a three-stage economic strategy. The first stage is a short-run (18 months) programme aimed at reducing the (18 months) programme aimed at reducing the external and public sector deficits. The other two stages are medium-run programmes. The shorter one (two to three years) is intended for the financial sector, while the other (four years) is a development and modernisation plan.

As far as the short run policies are concerned, several steps have already been taken. As for the monetary measures, they are aimed, chiefly, at cutting down credit expansion, encouraging domestic saving and preventing capital flight. These measures have involved mainly the implementation of tighter credit ceilings and the raising of interest rates. The last revision of these rates occurred in March. The Bank of Portugal rediscount rate moved from 19 per cent to 23 per cent, lending rates increased 4 percentage points and time deposit rates raised 4 to 4.5 percentage points according to their maturities. Currently, one year deposits bear a 28 per cent interest rate, while the inflation rate is slightly above 20 per cent. Simultaneously, investments regarded as

hasic for economic development have benefited from some financial schemes. Exchange rate policy—based on a crawling-peg system, reinforced by discreet devaluations when external circumstances so impose—aims at eliminating the differential rate of inflation between Portugal and partners' countries, thus keeping the external competitiveness of the Portuguese economy and to avoid speculative movements, which have heen strengthened by dollar appreciation. In this vein, last March, the crawling-peg rate moved from 0.75 per cent to 1 per cent and in June the Escudo was devalued by 12 per cent in effective terms.

Budgetary policy has relied, mainly, on

measures favouring a reduction in non-essential expenditures and subsidies rather than an increase in tax receipts, since tax rates are already very high. Nevertheless, the 1983 State Budget includes several measures which aim simultaneously at improving the equity and efficiency of the tax system. Thus, some indirect taxes were increased, taxes on less essential expenditures of firms were introduced and efforts to fight tax avasion have been reinforced. efforts to fight tax evasion have heen reinforced. Besides, studies are under way aiming at the implementation of a value added tax (VAT), in anticipation of the future Portuguese integration

Subsidies to public enterprises are among the expenditures that the new Government intends to reduce. Some of these enterprises produce and commercialise goods and services with administered prices. As a result, several of these prices have been increased. Neverthe-

less, inflation, although high, is under control.

As far as medium-run programmes are concerned, a strong investment effort is needed in order to change economic and social structures and reduce the gap between Portugal and EEC countries. This effort requires large financial means and technological and managerial expertise. Hence, foreign direct investment can play an important role: creating new jobs, as a source of new technologies and

giving access to new international markets. The conditions offered in Portugal to foreign investors are very attractive. They can count on high profitability—favoured by fiscal incentives and low labour costs—and quite diversified opportunities. Recently, some sectors—banking, insurance, manufacturing of cement and fertilisers—were opened to private capital, domestic or foreign.

Banco de Portugal Research and Statistics Department Av. da Republica 55-57 1000 Lisboa, Portugal

### vertising promoting the nation's in Lisbon the Junta Nacional tuguese wine exports, but the at 37,000, up from 34,000 two UK bas emerged as the fastest growing new large market, do Vinhe, the national wine in-stitute, now publishes a range vears earlier. Portugal's biggest sethack in Drive to expand world route structure

MAJOR TAP-Air launched by Portugal several years ago is now moving into high gear as the state-ewned airline seeks to expand its route structure. The company, for so long indissolubly associated with the con/ry's tourism industry, is now making an effort te become an airline that not only brings fereigners into Portugal but can fly them to many points become.

can fly them to many penns beyond.

Its efforts have seen government representatives negotiating this year with the Canadians fer access te the lucrative Toronto market—ft now files to Montreal only—and with the Egyptians for rights to serve Cairo. Both efforts look like getting the go-ahead, possibly paving the way for new services by 1984 or 1985.

or 1985.

The company admits that route expansion at a time effection of the industry is tricky—in 1981, the last year for which financial figures are available, Air Portugal test \$51m and it would like to trim its payroll of 10,000, a large number for a company with 19 aircraft.

But a senior efficial points ent that the time for

exp. sion is ripe. Mereover the upsets that have hit Air Portugal in the last decade require forthright action. Chief among these was the collapse of the once-captive Angolan and Mezambican markets. Luanda and markets. Luanda and Laurenco Marques were once

### Air Portugal FRANK GRAY

served with daily and some-times twice-daily Boeing 747 services ent of Lisbon but the loss of the two colonies savaged the company's revenues and forced it to sell

The post-colenial turmell The post-colenial turmell now has settled and Air-Portugal now is recovering some of its African business. Twice-weekly flights operated this summer te Angela and Mozambique, with regular scheduled operations also going to Harare, Cape Verde, Guinea-Bissau. Brazzaville, Guinea-Bissau. Brazzaville, Rinshasha and Johannesburg. In the Americas its U.S. and Canadian services are supplemented by regular flights to Rie de Janeiro, Sao Panlo and Caracas,

The idea of a route that would extend it eastward beyond Rome to Cairo is attractive, as it would be the company's first footheld in the Middle East.

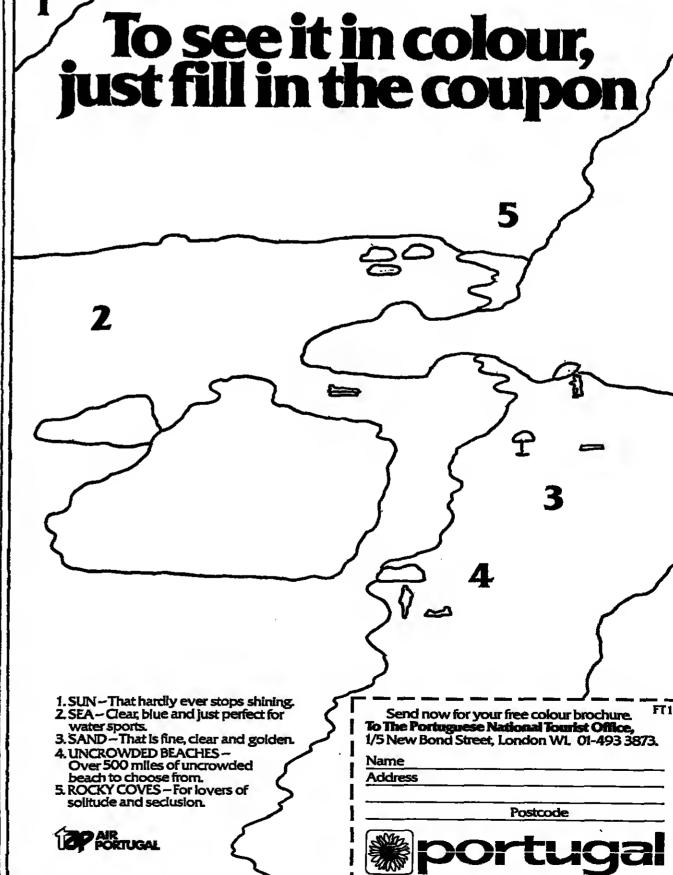
Its modernization efforts have seen Air Portugal in

have seen Air Portugal in the last year commence deliveries of a fleet of five Lockheed TriStars and new Boeing 737-200s; its 1985 fleet plan calls fer it to be operat-ing an all-jet fleet of 22 air-

Two years ago it adopted new in-flight service uniforms and changed its name from the awkward Transportes Aeros Portugueses te a simple TAP-Air Portugal, though now even the use of the word TAP is being dropped.

Air Pertugal is counting on

Air Pertugal is counting on the experience of in new president, Sr Orlando Morbey Rodrigues, to improve its halance sheet. He took over in January from Joaquim Augusto Andrade Campos. He previously served as vice-president of the Association of Portuguese Industries but most of his career was spent as a senior efficial in Lisbon, Mozambique, Angola and Mexico with the Dutch Philips electronics group. electronics group.



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BANCO NACIONAL ULTRAMARINO

# Slow progress to Community membership

Approach to EEC

AS THE months drag on and completion of negotiations with the European Ecocomic Community (EEC) remains elusive, Portuguese leaders claim with fucresing frequency that there are alternatives to Common Mar-

Their impatience is understandable. It was nearly eight years ago that Mario Soares trudged around EEC capitals asking the blessing of the Nine for Portugal's aspiration to join the club after 20 years of politically motivated exclusion.

The political blessing was

But when it came to difficult areas - agriculture, fishing and free circulation of more labour in a Community of mass un-employment — the pace slowed to a besitant stumble. Move-

### Strong voices

where Community members speak with particularly strong voices, Portugal has been un-willingly coupled with the competitive threat represented by Spain and made to wait while The political messing was rapidly given. But the practical spain and made to wait while process of finding the physical—tie, economic—means to weave the poorest of recent applicants duce, decides how to finance the process of the p for Community membership into a complex organism that wants to strengthen, not weaken, its fabric has inevitably heen more arduous.

Part of the negotiations, which finally gathered momen-

did not worry the Community but—keeping an eye on several tuguese treaties with due speed Investment Bank losss but on the score of extension of ifs—negonations could be combenefits or competition from pleted and the treaty of accession signed by the end of June 1986. 1984.

That would please Sr Soares and his Cabinet. There are signs, moreover, that it would also please President François employment — the pace slowed to a hesitant stumble. Movement of once and future Portuguese migrants in EEC nations became a matter for controversy; the dossier is still open.

Mitterrand of France, whose country presides over the Country between January and June next year. Now that the whole southern sweep of Europe from the Atlantic to the Aegean is ruled by govern-ments that at least call them-

selves Socialist, even if some— In agriculture and fishing, like that of Sr Soares—are compelled by economic imperatives to practise policies that Dr Milton Friedman might applaud, it would make a nice entry in the Socialist log book for M Mitterrand to foster Portugal's and possible Socialist and possible socialist in the socialist log book for M Mitterrand to foster Portugal's and possible Socialist and possible socialist and possible socialist socia and possibly Spain's graduation from the school that makes candidates sweat before they enter the members' enclosure.

Once Portugal's treaty is signed—with all transition periods and pre-accession funds established—the Community can afford to wait for Spain, the larger more challenging candi-

At the moment Portugal can do little more than keep things ticking over in the periodical deputies' meetings in Brussels, arguing a technical point bere and 2 minor detail there—the ball is in the Council of Ministers' court.

Grumbling at delays and hint-ing at possible alternatives is one of the few options open to a country which has no strong selling point other than the will of its democratic leaders to be working members of a demo-cratic European Community.

Portugal's economic weakness makes the unnamed "alternatives" to which leaders refer nowadays a little hazardous. There is no known alternative to pre-accession aid—a total of 625m ECUs (European Units of Account) since 1975—that the Community has doled out to Community has doled out to help Portugal to strengthen itself for membership.

No other applicant has re-ceived such sweeping assistance, tinancial and technical, on its journey towards membership.

turn in 1981, was settled at a Lit has become a bit of an date, to finish negotiating. Then Fortgual would bave liked to reasonable pace. They formed exercise in furlity to guess the 10 EEC Parliaments can see more in direct grants and the easiest part, dossiers that about Portugal's entry date ratify the Spanish and Portugal's in reimbursable European did not worry the Community but—keeping an eye on several tuguese treaties with due speed Investment Bank loans but

Nor is any alternative outside Europe likely to offer the quantity and scope of special funds for which Portugal—by definition an underprivileged region—is tallor-made.

### Regional funds

There are regional funds, which help to develop small and medium businesses, infrastruc-tures and local tourism. There are funds to help modernise and organise agriculture or agro-business. There are all the pro-grammes that train Portuguese grammes that train Portuguese cadres how to use the funds and the mechanisms, the price sup-port systems, market organisa-tion and industrial associations perately sbort of resources and

On the less rosy side, the country's weak small-medium husinesses, constantly being yanked from the jaws of bankruptcy by loans they can never afford to repay, will be forced by EEC membership finally to face hard economic facts. Many

through the captive markets of the former African colonies, being bought from rather than selling. Having lost the markets it is less easy to lose uncom-petitive attitudes.

fC ure

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But the risk has to be faced, according to all Portuguese who understand their countrymen's peculiar gift for responding well to external rather than internal

headed Fortugal's first Govern-ment elected by universal suf-frage since the 1920s, saw EEC membership as protection against totalitarian temptations from the Right or Left. That philosophy still pervades Portu-gal's urge to link its destiny to a common concern for parlia-mentary democracy.

Under this umbrella-Portu-Under this umbrella—Portu-guese democrats hope—it will be next to impossible for civilian or military extreme Right-wingers to convert grumbles and dinner party fantasies into real plots to bring back repressive law and order—or for Com-munists or fringe extreme Leftwingers to try to impose by force the dictatorship of the proletariet that the Portuguese people have repeatedly rejected at the polls.

# Still with a useful role to play

Relations with Africa

DAYID WHITE

IN THE jargon of bureaucrats and customs men they are known as the "new countries with Portuguese as official language." It sounds better than "old African colonies."

Ever since Portugal's African possessions — Angola and Mozamblque—gained indepen-dence, in rapid succession, in 1974-75, Lisbon bas been feeling its way towards a new relationship, at first with little more than pious statements of good intent, then in the last two or three years with more

Next to the EEC and Nato, these links bold a high place among Portugal's external concerns—to preserve something of an overseas role. This has been more difficult in Portugal's

case than in that of Britain or centuries of Portuguese history, went to the mother country at France (the latter now a rival in the search for influence in to Natal bears witness to the not even 1 per cent at the end

independence movements, pitched against a dictatorship, precipitated Portugal's own revolution. Come independence,

in the search for influence in Portuguese-speaking African.

The last major African caravelles seeking their route empire bad no model, political or economic, to pass on. The 1575, is the oldest city in Southern Africa. It was probably the Portuguese who introduced maize and manior to the

the mother country was trying to find its political feet just as new Africa policy as a manifestation of nostalgia for what festation of nostalgia for what

to find its political feet just as much as the others.

Portugal had beld its grip, with increasing repression, long after most of the rest of colonial Africa had won independence in the 1960s. Decolonisation was abrupt, shattering trading patterns and emptying Mozambique and Angola of skilled labour and administrators.

That 700,000 retornados from Africa should have been ehsorbed so easily into the mother country—in proportion it would have been rather like 4m immigrants arriving in the UK—is a tribute to Fortuguese

the start of the decade were not even 1 per cent at the end of it. Mozambique was the same story—9 per cent of Portugal's exports in 1970, less than I per cent in 1980, with Portugal's place among its clients dropping from 41 per cent to 7 per cent.

However, experience of co-operation with Eastern bloc countries-problems, for in-stance, with teachers whose first language is not Portuguese-and the subsequent shift away from purely ideological partner-ships bas brought a break-through in relations with Portugal since 1980.

Language is one thingespecially in training programmes—but not all—witness Brazil's failure to follow up its early efforts to make a bridge with the African countries. What Portugal bas is a large stock of recent experience in

4m immigrants arriving in the UK—is a tribute to Portuguese tolerance. But the break with Africa was a shock to the system.

With the colonies went five 

GHEFERT MODEL.

In 1970 Angola took 15 per Africa — an otherwise wasted compared took asset — and a reserve of After independence its share dropped to 2 per cent. The 37 and middle-level managers.

While Portuguese ventures

# **ANGOLA** MOZAMBIQUE

are very active in some sectors, little money to put behind it, notably civil engineering, the A recently joined member of trade record bas been uneven, both the African Development trade record bas been uneven. Portuguese exports to the ex-colonies soared in 1981 to Bank and the International Development Association, it bas ex-colonies soared in 1981 to over Es 19bn and sagged to Es 16.6bn last year—five western countries on three-way deals to obtain financial backing, so far without visible seen a sharp recovery, more than doubling the figure far.

Nevertheless, the Portuguese Nevertheless, the Portuguese believe they can serve an essential purpose in providing an entree to these parts of Africa.

On the diplomatic level, too, there is an important—if low-key—role to be played by Portugal through its connections in seen a sharp recovery, more than doubling the figure for the corresponding period of 1982. Sales to Angola, which accounted for almost half the total, rose by 158 per cent, but were still not back to 1981 levels. Sales to Mozambique have climbed stradily but the other countries have shown

the two Portuguese-speaking other countries have shown front-line states of southern Africa. With Angola, Portugal bas a Post-colonial diplomacy is a hand the Portuguese are justi-fiably careful not to overplay. commercial agreement dating back to 1979 and special finan-"To see Portugual as a go-be-tween would be overstating the

possibilities," said a Lisbon dip-On the other hand, new economic relations rest on more than colonial links, Portugal is literally a country between the developed and underdeveloped worlds and Africa is the most

obvious place for that to be turned to good account.

arrangements between central banks to cover exports of capital goods and services. Similar pacts bave been established since 1980 with Mozambique, together with inter-company agreements in huilding, shipyards, chemicals, textiles

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# Heavy investment in modern machinery

THE ARCO factory in the little important difference in the industry—small holdings run village of Santo Tirso, just out-labour-intensive clothing side of uneconomically—it is possible the husiness.

The average wage on the control of the employers to keep wage round the clock producing cotton fabrics that will eventually be made up into shirts and blouses for chain stores in Britain, France and Germany, Marks and Spencer and Mother-care are among the stores that will sail clothes made from its

Arco is typical of the industry in Portugal. It is investing beavily, has the very latest machinery-30,000 new spindles, 380 looms, many of them ultra-high speed shuttleless and working to capacity. Portugal has become a flourishing oasis in a European textile industry that has been shattered since 1979 by the worst depression it bas known.

Production figures show the progress. Between 1975 and 1980, the last year for which figures are available, production of cotton fibres rose from 128,884 tonnes to 163,053 tonnes. The rise in artificial fibres was even more dramatic—from 7,243 tonnes to 32,842 tonnes. This rise has been translated into exports, which are causing serious concern in Portugal's main markets of Britain, Germany, Sweden and France. Since 1977 Portuguese clothing exports have doubled in volume and risen fourfold in value, with the EEC taking 63 per cent of overseas sales in 1980, the last year for which in 1980, the last year for which figures are available, compared with 49.9 per cent in 1977. The industry's success has come about through a willing-

ness to invest in new machinery, low wages and because of rapid inflation in Greece, its of rapid limited in Greece, its main European competitor as a low-cost supplier. In addition, it has helped by being largely privately owned, which has allowed a very conservative dividend policy. There has also been a rethinking among its main buyers which has seen many of them abandon some of their Far Fastern suppliers, as their Far Eastern suppliers, as costs there have risen, in favour

Among all these attributes the willingness to plough back profits has been the main factor in producing success. Portugal's chester or Milan. The town bas industry may still have its old. a population of about 2,000 yet fashioned black spots but its sustains five companies which leading producers are as provide jobs for 4,000.

Santo Martinho do Campo is about low wages which cannot be ignored. Other companies in although the town's population other countries bave also invested beavily—though probTo get their workers the
Market falling down, as the
ably not on the scale of the plants scour a wide area and walls of Jericho once did. They

wage costs, which make an the

textile side is about Esc 14,000 e month, though some firms such as JMA pay more; in clothing the average is rather less. With shift-working premiums—up to 50 per cent for nightwork—and a mandatory 13th month's pay for holidays, together with a 14th month for Christmas, the worker's pay will probably

> Textiles ANTHONY MORETON

come somewhere around £40 a week, a figure below that now being paid in Hong Kong. The low prices which have resulted from this policy— Portuguese towels are prob-ably half the price of those home-produced in Britain, for example—has led a lot of buyers away from the Far East and on to the plane for Oporto.

The industry gets some help from the Government in the form of soft loans geared towards export turnover, Since all the companies sell a considerable part of their ontput overseas—JMA 90 per cent, Samelos 80 per cent, Mondex 80-90 per cent, Arco 60 per cent—they all benefit.

These loans allow a discount of up to 10 points on commerborrowing rates, around 30 per cent. Since there has been virtually no equity market since the revolution in 1974 hank borrowing is an important factor in supplement-

ing ploughed-back profits.

The geographical location of the industry has also belped by keeping down the low wages. Most of the factories, like Arco's, are to be found in rural settings. The country's famous vines which make the vinhos verdes wines, creep around many factory perimeters. Santo Tirso, Arco's bome, is

an unlikely place to find a textile plant for those nurtured on the dark satanic mills of Man-

This has left the industry

extremely well placed for entry into the EEC, provisionally pencilled in for next year but now, it is thought in Lisbon likely to be delayed by at least

Much of the new investment has been made with the specific intention of getting the industry ready for the EEC. Senhor Alfredo Almeida, e director of JMA, is specific: "We told ourselves that if we were to join in 1984 then we needed to spending by 1982. This would allow us two years in which to build up our cash flow. We are on target."

The great attraction of the Common Market is that Portugal will have unlimited access after a period of accession. At the moment it is tightly controlled by quotas, though there is a looser agree ment with the UK because the two countries were both at one time members of the European

There is another attraction: entry will almost certainly mean changes in Portugal's labour laws. These are very restrictive and have made it difficult since the revolution an employer to workers except to atringently controlled condi-tions. When EEC directives tions. When EEC directives become applicable the industry will be able to match its work force to its needs; despite all its present success, there is evidence that some factories are overmanned,

EEC entry will also encour-age the return of more profes-sional managers, lack of whom is one of the weaknesses not just in textiles but throughout

There is another glaring weakness of which the Portuguese are also aware. Nearly all the producers turn out goods which eventually seli There is no internationally known Portuguese brand name and until the industry creates one it will continue to be thought of as a supplier rather than a creator of clothes and household linens.

While the Portuguese are aware of these they appear to be blinded at the moment by the prospect of all those tariff ably not on the scale of the plants scour a wide area and walls of Jericho once did. They Portuguese—but they do not since the only alternative work can hardly be blamed even if have the benefit of Portuguese in this part of Portugal is in it might be rather a short-term agricultural view,



and mechanical engineering.





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# SECTION II - INTERNATIONAL COMPANIES

# FINANCIALTIMES

Wednesday September 14 1983



# **IFC urges** more cash to bridge debts gap

THE International Finance Corpor ation, an affiliate of the World Bank, is to step up its efforts to promote direct foreign investment in developing countries as one means of filling their growing payments

gap. Mr Judhvir Parmar, IFC vicepresident, told a press conference in London that IFC plans to increase its own investment spending to about \$80m annually from last year's \$55m, which was itself a rec-

IFC officials argue that investment opportunities in developing countries are growing, now that many are dropping restrictions in key areas such as majority ownership. The financial problems of the countries concerned bave also led to devaluations which make them more attractive as a manufacturing

The IFC, which was set up in 1956 to promote investment flows to the developing world, acknowledges that its cash assistance has been relatively small, but officials claim that it bas acted as a catalyst in channelling large amounts of fi-

nance to poorer countries.
Its annual report, published today, states that a record \$845m in loans and equity participations were approved in the fiscal year ended June 30. These went to 58 companies in 38 countries

Unlike the World Bank, the IFC concentrates on private sector operations and does not use government guarantees for its finance. This means it is more exposed to losses, and last year the poor investment climate led to increased loss provisions of \$99.6m compared with \$84m a year earlier.

Nooetheless, its actual losses last year amounted to only \$10.1m, orioging total losses since 1956 to \$30.6m out of total funds disbursed of \$2.2bn. Net income in 1982-83 rose to \$23m from \$21.5m.

# **Keep Cast** in Canada, says bank

By Robert Gibbens in Montreal

THE Royal Bank of Canada, which now owns the Cast North Atlantic container busioess through an indirectly controlled offshore subsidiary, Cast (1983), would like to see the operation "end up in Canadian hands."

Mr J. H. Burnett, bank vice-president and general counsel, said the bank was committed to selling the Cast container operation when the opportunity came. While there were no buvers interested at the moment, container rates were firming and the business could be success-

ful again. This adds support to a wide-spread belief in Mootreal shipping circles that a Canadian-controlled consortium is likely to buy the Cast container operation when it is on a firm footing again. Several Canadi-an-controlled shipping companies, which have successfully weathered the recession, have looked closely at the Cast operation. One possible participant said such a consortium would require an experienced and

would require an experienced and well financed European partner.
With restructuring of the Cast container business by the Royal Bank, the former parent, Eurocanadian Shipholdings (ESL), and founder and chief sharebolder, Mr Frank Narby, are out of the picture. ESL is now in liquidation in Bermu-

Canadian National Railways(CN) swap its 45 per cent stake in American President Lines for Natomas

7 4

# Hewlett takes control of Japan affiliate

BY WILLIAM HALL IN NEW YORK

HEWLETT-PACKARD (HP). the fast-growing U.S. electronics group, is buying majority control of its Japanese affiliate, Yokogawa-Hewlett-Packard (YHP), in a deal underlett-Packard (YHP), in a deal underlett-Packard (YHP), in a deal understood to be worth more than \$30m. YHP, which was formed as a joint

venture between Hewlett and Yoko-gawa Hokushin Electric of Tokyo in 1963, is one of Hewlett's major overseas operations. It employs 2,000 people and has sales of over \$250m. YHP manufactures a proprietary line of electronic instruments for measuring the electrical characteristics of components and integrated circuits which are distributed throughout the world by Hewlett-Packard's sales force. It also selis HP-developed products in Japan.

Hewlett plans to increase its stake in the Tokyo-based YHP from 49 per cent to 75 per cent by purch-asing 1.467m new shares for an un-

Hewlett-Packard says that the ard computers and other electronic products supplied to HP's Asian

Hewlett says that its increased emphasis oo providing customers with complete measurement and computational solutions rather than single products required YHP to es-tablish a closer working relation-ship with Hewlett's worldwide orga-

John Young, Hewlett's chief ex-ecutive, said yesterday that the deal will "strengtheo YHP's marketing and customer support in Japan, and will assist HP's Far East headquarters in Hong Kong in providing greater sales and service capability to all HP customers in the Far

# First City secures Permian for \$385m

BY OUR NEW YORK STAFF

FIRST CITY Financial, a Canadian inancial services company controlled by the Belzberg family, is paying \$385m for the assets of Permian Corporation, an oil pipeline and trucking company, owned by Occideotal Petroleum.

First City, which recently acquired Hanseatic, a New York overnment securities dealer, said that as a result of the Perm-in acquisition, it will "bave a very strong position in the U.S. First City has

months has raised over \$70m in the Canadian and U.S. financial mar

First City will pay Occidental \$275m in cash, a promissory note for a further \$50m and cash from the sale of existing crude oil inventory valued at between \$50m and \$60m.

Permian operates 5,200 miles of crude oil pipelines and a fleet of 600 tanker trucks plus storage facilities of 5.3m barrels of oil. Almost all the assets of more than \$2.4bn, total equity of \$220m and over the last four to third parties without processing.

senger car ferries sailing between the Bahamas and Florida. The oper-

ation enables New Yorkers to make

the New York-Florida "snowbird"

trip by ship and with their cars for

The project, started in 1982, bas failed to fulfill expectations and, al-

though DFDS says it is covering op-

erating costs, it is unable to meet its

substantial capital costs. Mr Leif

Juul Jørgensen, managing director,

said, bowever, that the company

had no plans for pulling out of the

DFDS also faces a challenge on

the North Sea routes between Scan-

dinavia and the UK, in which It bas

a near monopoly. The Danish ship-ping company, Mercandia, has de-

clared its intention of winning a 20

per cent share of the Denmark-UK

the first time.

cargo market.

# Another loss feared on Danish cruise line

BY HILARY BARNES IN COPENHAGEN

THE DANISH shipping company, DFDS, continues to be dogged by losses on its U.S. East Coast carcruise liner venture, Scandioavian World Cruises. In a first-half statement, the company said it will suffer a loss this year similar to last year's "if planned ship sales are not

In 1982, the company lost DKr 261m (\$27.4m) after depreciation and DKr 190m after revenue from ship sales.

Last spring the company said it would sell up to nine vessels but bas sold only three so far. The income from the sales was satisfactory, said the company, but total reve-nue from ship sales is less than ex-

Scandinavian World Cruises operates three vessels, a car-cruise line sailing between New York and

Signal raises

# Chrysler buys

\$160m in sale By Our New York Correspondent

SIGNAL COMPANIES, the U.S. conglomerate, is expected to raise close to \$160m from the sale of 8.5m shares of Diamond Shamrock, which it acquired after the latter's takeover of Natomas, the U.S. eneraxeover of Natomas, the U.S. energy gy and transport group, last month. Signal has beld a stake of roughly 12 per cent io Natomas since 1979. It acquired this when it decided to

back warrants By Our New York Corresponden

THE WARRANTS issued by Chrysler to the U.S. Treasury as loan guarantees during the financial rescue of the company three years ago have been effectively bought back

by the company.

The Treasury has said that Salomon Brothers, the U.S. investment bank, bad acquired the 14.4m war-rants oo behalf of Chrysler with a hid of \$21.602 per warrant. The Treasury will realise \$311m on the sale of the warrants.

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The undersigned announces that copies of a statement to shareholders of N.V Beleggingsmaatschappij Wereldhave and to holders of 7% Loan Stock 1977-1982/85, convertible into Ordinary Shares of N.V. Beleggingsmaatschappij Wereldhave, for the account of N.V. Wereldhave International, are available as from September 15, 1983 at the

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N.V. Beleggingsmaatschappij Wereldhave The Hague, September 13, 1983

# **Brazil** will make new Singer machine

By Andrew Whitley in Rio de Janeiro

SINGER, the U.S. aerospace and sewing machine company, still intends to concentrate its production of sewing machines worldwide in only two manufacturing centres Taiwan and Brazil, despite the gloomy domestic outlook for Brazilian industry during the next few

A major step in this long-term plan is the decision to use Brazil as the manufacturing base for a new world sewing machine, to be ex-ported to the U.S. and Europe from

next January.

This sophisticated oew model, codenamed Phoenix, will be for export only, using the spare capacity and cheap labour available to Singer in Brazil to compete on more favourable terms with the Japanese manufacturers, Singer's main rivals n world markets.

During the next 10 years Singer do Brasil, the wholly owned local subsidiar, bas committed itself to the Brazilian Government to earning \$500m worth of exports. This year's exports are estimated at \$40m, up from last year's \$30m.

The U.S. company's operations in Brazil are almost an archetypal case study of the way in which a well established multinational facing bard times in the local market is baving to export its way out of Domestic sales of sewing ma-

chines fell 30 per cent last year, cootributing to a small year-end loss, Pre-tax profits were 36.5m cruzeiros (\$144,000). Exports last year amounted to 55 per ceot of the total output of

600,000 units, and are expected to take a higher share this year with the virtual collapse of Brazil's consumer durables sector. In receot years Singer do Brasil.

which bas a oet value of 13.9bn cruzeiros (\$20.3m at the current exchange rate) and is the parent com-pany's largest foreign subsidiary, bas diversified into related areas, such as home tools and electric mo tors for other users, with modest It is still heavily dependent, how

ever, oo lts traditional sewing machioes. In 1981 Singer bad a 45 per cent share of a domestic market worth approximately \$260m.

The U.S. company is hoping for a recovery in its domestic sales by 1985 but for the moment It is con centrating oo exports, which last year went to 80 countries.

Singer explains that new investment in the Phoenix project is only \$4m because little retooling is needed and the capacity is already available at its manufacturing plants in Sao Paulo state.

By going for a world model, made in Brazil for export, Singer follows a path already trodden by the major vehicle manufacturers. The difference is that, in Singer's case, production of similar products by Its plants in industrialised countries, such as the U.S. and Italy, is being run down and gradually replaced by the output from Brazil and Taiwan.

# **Tooth boosts** earnings to A\$28m

By Michael Thompson-Noel

AUSTRALIA's Tooth and Compa ny, which is controlled by the Ade laide Steamship Company (Ad-steam), has reported a net profit of A\$28.3m (U.S.\$24.8m) for the year to June 30.

Direct comparison with the previ ous trading period, which covered 15 months, is not possible, but, on an adjusted basis, earnings rose from 21.8 cents a share to 40.3

The dividend of 35 cents per share has been declared, compared with 30 cents for the previous IS months, an effective distribution in-

crease of 48 per cent.

The net result included an equity accounted contribution of AS8.8m from Tooth's 47.2 per cent stake in H. C. Sleigh and 47.3 per cent stake in National Consolidated.

Tooth said recently it was selling its brewing interests to Carlton and United Breweries for AS160m. It said yesterday that it would use the mooey to reduce group debt.
Interest charges in the period to
June 30 rose from AS22.4m to A\$35.5m

Commonwealth Steel Company, a subsidiary of Broken Hill Proprietary, is negotiating a takeover of Vickers Australia, 66 per cent owned by Vickers of the UK.

The local company, which has a current share market valuation of AS25m, and net asset backing of AS46.3m, yesterday reported a 24 per cent fall in net profit for the six months to June 30, to AS1.8m. Interim dividend is unchanged at 2.5 cents a share.

FRAGMENTATION OF AT&T LAUNCHES MUTUAL FUNDS

# Breaking up a giant

'Wall Street is

convinced that many

AT&T shareholders

will be irritated by

this jolt to their

investing lives'

ing as units on which he will re-

spread without any of the complica-

tions of mooitoring the eight com-

panies for himself; and no one

would need to accept cash because

the funds swallow up the fractional

All of this comes tax-free because

investors are simply exchanging the sbares for units. Investors lose

a 1.5 per ceot sale fee and they may

also oet a slightly smaller income from dividends than before because the newly launched companies will

probably set more conservative

holdings themselves.

THE DISMEMBERMENT of American Telephone and Telegraph (AT&T), the world's most widely-held joint stock company, will be an Street standards. When the U.S. telecommunications group is broken up at the beginning of January, it will involve the redistribution of not far short of 1hn shares among eight separate entitles formed from the entrails of old Ma Bell. One out of every 10 common stock holder in the U.S. will be affected.

Wall Street is convinced that many of these sbareholders will be deeply irritated by this jolt to the ordered pattern of their investing lives. Its response has been to launch a variety of mutual funds de-signed primarily to take over an individual's entire AT&T holding and

manage it for him. A large portion of AT&T sbares are held by investors who have bought the company and locked it away quietly for its better than average yield (currently 8 per cent) and steady - if unexciting - growth. According to the broking communi-ty, AT& T shareholders tend to be cautious and conservative - the ideal targets for a securities industry which is only too happy to offer them a similarly serene future io return for a little extra turnover. The primary difficulty for AT&T

investors is administrative. The break-up, however well organised, will be a messy business. It is in-tended that holdings will be split up between the eight companies (the parect and seveo oew regional tele-phone groups) on the basis of one sbare in each of the regional enti-ties for every 10 commoo sbares in the present AT&T, But fractional shares - in quantities oot evenly divisible by 10 - will oot be issued. Thus sharebolders with very small stakes - fewer than 10 shares - will be paid only cash and larger holders may receive some cash represeoting the market value of their

fractional sbares. A further complication is the onger-term management of the portfolio. If investors do nothing to policy. Merrill Lynch, which was est in an already lively sector.

change the distribution of their new the first off the mark with its Equiboldings, they will have lost what to Income Fund, First Exchange for many was the principal attrac-Series, will allow unit holders to back out of the fund free of charge tion of investment in AT&T - its simplicity. Rather than one single up to July next year, either tracing investment giving extremely broad exposure to the U.S. telecommunitheir way back into the newly created AT&T group sbares, or consoli-

dating on any of the eight compacations industry, they will have cer-tificates in eight different compa-Many shareholders are expected Many shareholders are expected to have strong preferences for particular regional telephone companies, for either sentimental or hard-headed investment reasons. Their initial move into the fund will give them a breathing space to con-

sider their options.

E. F. Hutton has launched a similar fund, but is also allowing former AT&T holders to back out and into a specially formed telecommunications managed lund – again at no nies, will need to plough through eight different annual reports, and extra charge. This will hold a much will receive 32 quarterly dividends a broader swathe of telephone com-

The managed fund concept has To overcome these complications. also been taken up by Prudential the new mutual funds have a sim-Bache, but in a rather more radical ple concept: in essence the share-holder will be left in much the same form. Prudential is offering AT&T shareholders a once and for all situation as before with his AT&T move into a much more diversified stock swallowed up and reappeartelecommunications growth fund with adventurous objectives. ceive 12 monthly payments. He thus preserves his old investment

Telecommunications, Prudential argues, are poised for extremely rapid expansion over the next dec-ade, and there are several high growth - if high risk - Investments available. It will therefore absorb AT&T holdings, sell the shares before March, and then reinvest the proceeds across a broader range of the industry - alming for capital growth rather than yield. It expects share prices of the AT&T spin-offs to be sufficiently lively during the sale period for the fund to be able to dispose of its holdings satisfactori-

payment policies - a problem that The fuods are now gearing themwould have arisen for investors, of selves up to become operational in June 1983, early November, and so far have oo Speaking course, whether in or outside the clear idea of the Intensity of public The fund managers, however, reaction. But the indications are that the fragmentation of the U.S.'s bave a oumber of schemes for giving investors more exciting options awesome telecommunications giant had risen to L3,000bn (\$1,83bn) will give a further stimulus to inter- from L1,800bn at the time of Amif they want to pursue a more active will give a further stimulus to inter-

# Profits at Macy up with boom in spending

THE RECENT recovery in U.S. re-tailing helped R H Macy, the department store company, to a 38 per cent increase in net profits at \$186.7m for the year to July. Earnings per share rose to \$3.72 from \$2.74, white sales were up by 16 per cent to \$3.5bn.

In the final quarter, Macy's carnings growth began to slacken slight ly with nel profits up by just under 30 per cent to \$42.7m. Sales in-creased by 16.8 per cent to \$809m in the period - about I percentage point better than the industry average according to the company.

Macy benefited during the year from a \$3m reduction in net interest costs, while also improving its net margins through a tighter control of overhead costs. All divisions of the group, which operates on a coast to coast basis, contributed to the up-

Macy said yesterday that by early October it will be operating 93 stores in the U.S. The group's most recent openings have been concentrated on the fast-growing sunbelt areas of California and Florida,

# Ambrosiano deposits rise

By Our Financial Staff

NUOVO Banco Ambrosiano, the bank created after last year's col-lapse of Banco Ambrosiano, may break eveo at the operating level for its first financial year, ended

Speaking at the inauguration of a new branch, chairman Sig Glovanoi Bazoli said the bank had regained much of its deposit base. Deposits broslago's collapse.



# **Pecten Cameroon Company**

(a company indirectly owned 80% by Shell Oil Company and owned 20% by Societe Nationale des Hydrocarbures. the state-owned oil Company of the United Republic of Cameroon)

> US \$ 350,000,000 Project Financing

for the purpose of funding certain production and development expenditures relating to oil fields located offshore in the United Republic of Cameroon

Lead-Managers

Crédit Lyonnais

Bankers Trust Company

The Bank of Tokyo Trust Company Banque Nationale de Paris Chase Manhattan Capital Markets Group Chemical Bank The First National Bank of Chicago Manufacturers Hanover Trust Company The Royal Bank of Canada Group National Westminster Bank Group

Funds also provided by

Amsterdam-Rotterdam Bank N.V. Bank of America NT&SA Bank of Montreal Continental Illinois National Bank and Trust Company of Chicago Deutsche Bank AG, New York Branch Irving Trust Company Lloyds Bank International Limited Mellon Bank, N.A.

and by Algemene Bank Nederland N.V. Bank of New York Banque Internationale pour l'Afrique Occidentale (B.I.A.O.), London Branch European American Bank & Trust Company The First National Bank of Boston Midland Bank plc

Banque Indosuez Paribas Bank International (Texas) Inc. Union Bank of Switzerland

Financial Agent SE CI

Crédit Lyonnais

SFE Banking Corporation Limited · SFE Group

Technical Agent

Bankers Trust Company

May 1983



Mar



# Arab Banking Corporation (B.S.C.)

DM 100,000,000

8% Deutsche Mark Bearer Bonds of 1983/1988

Issue Price: 991/4%

COMMERZBANK

ABU DHABI INVESTMENT COMPANY

BANK OF CHINA

COUNTY BANK

**CREDIT LYONNAIS** 

KREDIETBANK INTERNATIONAL GROUP

KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)

BANKIERS

**MORGAN STANLEY** INTERNATIONAL

Algemene Bank Nederland N.V. Al-Mal Group Amro International Limited Arab Latin American Bank Banca Commerciale Italiana Banca dei Gottardo Banco Arabe Español, SA Banco di Roma Bank Gutzwiller, Kurz, Bungener (Overseas) Limited

Bank Leu International Ltd.
Bank of Tokyo International Limited Bankers Trust International Limited Banque Bruxelles Lambert S.A. Banque Française du Commerce Edérieur Banque Générale du Luxembourg S.A. Banque Indosuez Banque internationale à Luxembourg S.A. Banque Paribas Banque Worms

Barciays Bank Group Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft Aktiengesenschau Bayerische Landesbank Girozentrale Bayerische Vereinsbank Aktiengesellschaft Joh. Berenberg, Gossler & Co. Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurter Bank Bankhaus Gebrüder Bethmann Blyth Eastman Paine Webber ernational Limited

Caisse des Dépôts et Consignations Chase Manhattan Limited Chemical Bank International Limited Citicorp Capital Markets Group nerzbank International S.A. Commerzbank (South East Asia) Ltd.

Copenhagen Handelsbank Creditanstalt-Bankverein

**SWISS BANK CORPORATION** 

INTERNATIONAL LIMITED

Credit Suisse First Boston Limited Credito Italiano Daiwa Europe Limited Delbrück & Co. Den Danske Bank af 1871 Aktieselskab Deutsche Bank Aktiengese Deutsche Girozentrale DG Bank

**Dominion Securities Ames Limited** Dresdner Bank Aktiengesellschaft DSL Bank Deutsche Siedlungs- und

Effectenbank-Warburg Aktiengesellschaft Euromobiliare 5.p.A. EuroPartners Securities Corporation European Arab Bank pean Banking Company Limited memational Finance Limited ssenschaftliche Zentralbank AG

Vienna Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Goldman Sachs International Corp. Gulf International Bank B.S.C. Hambros Bank Limited Hamburgische Landesbank - Girozentrale -andelsbank N.W. (Overseas)

Limited Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien Hessische Landesbank – Girozentrale – Hill Samuel & Co. Limited Industriebank von Japan (Deutschland)

Amengeseischaft Stituto Bancario San Paolo di Torino Kidder, Peabody International Limited Kleinwort, Benson Limited Kredietbank S.A. Luxembourgeoise

RICHARD DAUS & CO.,

Kuwait International Investment Co. s.a.k. Kuwait Investment Company (S.A.K.) Landesbank Rheinland-Platz ~ Girozentrale ~ Lloyds Bank International Limited

LTCB International Limited dacturers Hanover Limited Merck, Finck & Co.
Merckil Lynch International & Co.
B. Metzier seel. Sohn & Co.
Missubishi Bank (Europe) S.A. Mitsui Finance Europe Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
The Nildko Securities Co., (Europe) Ltd. Nomura International Limited Norddeutsche Landesbank

Österreichische Länderbank Aktiengeselischaft
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Pierson, Heldring & Pierson N.V.
Samwa Bank (Underwriters) Limited J. Henry Schroder Wagg & Co. Limited Schröder, Münchmeyer, Hengst & Co. Smith Barney, Harris Upham & Co. Incorporated Société Générale

Société Générale de Banque S.A. Sumitomo Trust International Limited Svenska Handelsbanken Group Trinkaus & Burkhardt Union Bank of Switzerland (Securities)

Vereins- und Westbank Aktiengesellschaft J. Vontobel & Co. M.M. Warburg-Brinckmann, Wirtz & Co. M.M. Warburg & Co. Ltd.
Westdeutsche Landesbank Girozentrale
Westfalenbank Aktiengesellschaft
Wood Gundy Limited
Yamaichi International (Europe) Limited

September, 1983

INTL. COMPANIES & FINANCE

# Pakistan embarks on a new plan to charm back private enterprise

THE PAKISTAN Government is seeking a bigger role for the neglected private sector, to boost new industry. The state sector raised its Dre-tax profit (\$850m) in the year to June 30, 1982, from Rs 747m (\$56m) in

paradoxically, proclaims its silos, fructose, caramel, yeast wisb to boost private business, and dry fodder pellets, food The state-owned industry expansion is reflected in the 985-page tion, gypsum board, sheet glass, annual report for the year to June 30, 1982, unveiled some weeks ago by the Ministry of Production.

Pakistan's private sector, demoralised by an anti-business groom of the Pakistani economy over the past 15 years. Now an up-dated, sixth Five-Year Plan provides for 85 per cent of all industry to be estab-lished by private enterprise and 15 per cent by the state, com-pared with an earlier draughted

President Zia-ul-Haq's efforts to charm private enterprise back to action bave been undermined by a conservative bureaucracy's tight regulation of the economy and by customs and excise duties, as well as by corporate and personal taxes in the annual budgets in the past six years.

The Government now realises the sheer necessity of developing industry, fast, in order to feed the domestic market, substitute imports, and enlarge export of manufactures. This is a task the sixth Five Year Plan, from July 1 1983 to June 30 1988, sets out to meet.

The Plan assigns a larger role to the private sector, ending a decade-old preference for the public sector.

The Industries Ministry finalised sanctions for \$4bn private development in the last five years. Industrial units established or lined up are, however, 20 to 25 per cent of that amount. The largest number of these units are in synthetics, polyester, chemicals and fertiliser. The second significant area is cement, glass and paper products. Textiles are the third principal group. Tractors, automotive spares, electronics and construction are other fields which are attracting

The sixth plan is geared to

Pakistan is seeking foreign investment in "capital intensive and sophisticated industries," as announced in London in April by Mr Ghulam Ishak Khan, Minister of Finance. But behind this lies the aim of increasing the rate of private sector investment in general, MOHAMMED AFTAB reports

While the country's state emphasis on down-stream works engrossed in industries over ector claims that it is growing, of the Pakistan Steel Mills, cold which " the sum is setting fast." sector claims that it is growing, of the Pakistan Steel Mills, cold the Government, somewhat storages, seed processing, grain

Furfural, kraft paper and pulp, newsprint, caffeine, ready-to-wear and fashlon garments, environment in the late 1960s, and humiliated by a socialist government in the 1970s. has behaved as the reluctant tries, are other potential fields for investment. tries, are other potential fields for investment.

The Government planners have laid out a bigger role for private business in the country's sixth Five Year Plan, launched on July 1. The outlines and size of the plan were held up by division between the populist Planning Commission, and the

Finance Ministry.

Ten years of state dominance of the economy, particularly of industry, have not delivered the goods, it is accepted. The Planning Commission, realises that the public sector lacks the financial resources, management and wherewithal to pull industry out of stagnation.

The state sector, as well as

private industry, has yet to take a major atep towards the elec-tronics age. The Finance and Development Minister, Ghulam Isbaq Khan calls such activities the sunrise industries".

1980

PAKISTAN

181

150-1980 - 100

130

120

he lamented at the fourth National Electronics Confer-ence this summer.

The 1981-82 profits of the state conglomerate result from a 12.7 per cent increase in volume, and an 8.3 per cent price rise.

Sales of the widely diversified state enterprises, consisting of 63 concerns, were Rs 18.88bn in 1981-82, up from Rs 15.68bn. The state concerns include 25 companies which the Prime Minister, the executed Zulfikar Ali Bhutto, bad nationalised in the mid-1970s.

The others were established by the Ministry of Production, which oversees all the state sector units.

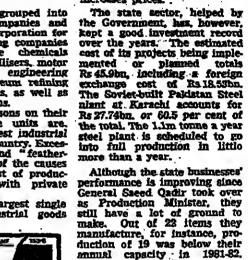
The units are grouped into

seven holding companies and an independent corporation for steel. The holding companies severally produce chemicals and ceramics, fertilisers, motor rehicles, cement, engineering goods, and petroleum refining and petrochemicals, as well as miscellaneous items.

With 81,700 persons on their payroll, the state units are, together, the largest industrial employer in the country. Excessive manpower and "feather-bedding" is one of the causes for their bigh cost of production, compared with private

the sunrise industries".

They are the largest single most businessmen were still producer of industrial goods



Although the state businesses' performance is improving since General Saeed Qadir took over as Production Minister, they still have a lot of ground to make. Out of 22 items they manufacture, for instance, production of 19 was below their annual capacity in 1981-82. Ammonium sulphate, superphosphate and tractors were unusual in that production overshot set capacity. The annual shot set capacity. The annual report, however, points to 27 concerns operating at 75 per cent of capacity or above. The Government may, how-

in many items, like meter

wehicle assembly, coment and heavy engineering. They have a predominant or a large chare of the market in an array of

chemicals, light engineering fertiliser, petroleum products and tractors.

This market predominance, together with the Government's fixing prices of most items, means that the state enterprises

have been accused of price increases not altogether neces-

The cost of production at the

the cost of prosection at the state concerns is high. The reasons are several. They pay a high price for imported mechinery, the bureaucrats who run them are inexperienced to their management and in most cases there is no competition.

cases there is no competition to spur price-cutting or improvement or quality. At the same time, the Government, beset with its own spiraling spending, finds the state-made goods a convenient instrument to raise revenue, and frequently increases relices.

increases prices.

SALTY.

ever, take satisfaction in the state units paying taxes to the Government up from Rs 1.7bn five years ago, to Rs 3.5bn in 1980-81, and to Rs 3.66bn in "We do not evade taxes, as

the private sector used to do before nationalisation," says a state official.

All of these securities having been sold, this announcement appears as a matter of record only.



# Intelligent Systems Corp.®

1,250,000 Shares Common Stock

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

ROBINSON HUMPHREY/AMERICAN EXPRESS INC

HAMBRECHT & QUIST

THE FIRST BOSTON CORPORATION DONALDSON, WIFKIN & JENRETTE E. F. HUTTON & COMPANY INC.

LEHMAN BROTHERS KUHN LOEB ROBERTSON, COLMAN & STEPHENS

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SALOMON BROTHERS INC SMITH BARNEY, HARRIS UPHAM & CO. DEAN WITTER REYNOLDS INC.

MONTGOMERY SECURITIES. MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC. OPPENHEIMER & CO., INC. ROTHSCHILD INC. THOMSON MCKINNON SECURITIES INC.

PIPER, JAFFRAY & HOPWOOD ARNHOLD AND S. BLEICHROEDER, INC. BASLE SECURITIES CORPORATION BATEMAN EICHLER, HILL RICHARDS SANFORD C. BERNSTEIN & CO., INC. BLUNT ELLIS & LOEWI WILLIAM BLAIR & COMPANY **BOETTCHER & COMPANY** J. C. BRADFORD & CO. BUTCHER & SINGER INC.

DAIN BOSWORTH ROBERT FLEMING FOSTER & MARSHALL/AMERICAN EXPRESS INC. FURMAN SELZ MAGER DIETZ & BIRNEY JANNEY MONTGOMERY SCOTT INC. JOHNSON, LANE, SPACE, SMITH & CO., INC. KLEINWORT BENSON LADENBURG, THALMANN & CO. INC. McDONALD & COMPANY **NEUBERGER & BERMAN** 

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A. G. BECKER PARIBAS

ALEX. BROWN & SONS

LAZARD FRERES & CO.

WERTHEIM & CO., INC.

PRUDENTIAL-BACHE

GOLDMAN, SACHS & CO.

SHEARSON/AMERICAN EXPRESS INC.

SCHNEIDER, BERNET & HICKMAN, INC.

BANK JULIUS BÄR & CO. AG BANQUE INDOSUEZ HAMBROS BANK HILL SAMUEL & CO. MORGAN GRENFELL & CO. PICTET INTERNATIONAL

WHEAT, FIRST SECURITIES, INC. CAZENOVE & CO. GRIEVESON, GRANT & CO.

> SAMUEL MONTAGU & CO. PIERSON, HELDRING & PIERSON N.V. VEREINS- UND WESTBANK

PRESCOTT, BALL & TURBEN, INC.

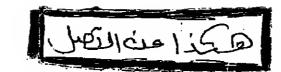
SANYO SECURITIES AMERICA INC.

**'82** 

First Finance Corporation (UK) Limited

NON AUDITED STATEMENT OF ACCOUNT **MARCH 31, 1983** 

		£
(1)_4	ASSETS	
I,	Cash and cash items	443,026
	Interest due at call	448,270
	Interest due at call	2,300,000
	Total cash and due from banks	3,191,296
П.	Securities sold privately	15,000,000
Ш.	Commercial loans	6,510,000
IV.	Real estate investment (A)	4,800,000
	Real estate investment (B)	613,000
	Real estate investment (C)	17,716,267
	Total real estate investment	23,129,267
V.	Adjustable currency gains and losses	89,911
VI.	Subsidiaries U.S.A. FFC Group of Companies	1,000,000
* **	Subsidiaries BRAZIL	100,000
	Subsidiaries FRANCE	120,000
	Subsidiaries U.K.	65,000
	paradatics out	05,000
	Total investment in subsidiaries	1,285,000
VII.	Premises and equipment	302,500
VIII.	Accrued interest	175,500
	Other assets	2.850,000
IX.	Other assets	9,750,000
	TOTAL ASSETS	62,283,474
(2) I	JABILITIES	
ī.	Outstanding securities	15,000,000
	Outstanding securities	4,294,060
	Time securities on real estate investments	17.928.565
	Commercial loans	6.510.000
	Other liabilities	120,000
	Credit instruments outstanding	
		9,500,000
	Total liabilities	53,352,625
II.	Due to banks	89,911
III.	Common issued stock	425,002
IV.	Dividends not yet declared	NONE
v.	Undivided profits	8,415,936
	· · · · · · · · · · · · · · · · · · ·	
	CRAND TOTAL	62,283,474



# INTERNATIONAL COMPANIES and FINANCE

# Marginal midway rise at Marui

MARUI, Japan's largest iostal-ment-payment hased depart-ment store chain, known for its ment store chain, known for its away from consumer durable and sore

from Y4.84bn.
Parent company pre-tax profits in the period to July 31.
reached Y10.16bn. up by 4.3
per cent from the previous year
Sales were up 6.5 per cent to
Y129bn from Y121bn. Profits
per share were Y21.57 company
pared with Y23.22. The company
paretibuted its slow earnings

Bank have been completed, according to Mr N. H. Green,

The restructuring of the bank's equity in line with the

the outgoing manager.

ment store chain, known for its away from consumer durable policy of opening all its stores next to major railway stations, has lifted half-year unconsolidated net profits to Yā.01bn from Y4.84bn.

As a result, turnover in the As a result, turnover in the service sector grew by 61.8 per cent from the same period of the previous year, but still only accounted for 4.3 per cent of the total the total.

Y129bn from Y121bn. Profits
per share were Y21.57 compared with Y23.22. The company
attributed its slow earnings
growth to sluggish consumer
spending.

Marui's sales at its existing
the total.

Of total sales, womens clothing pany expending clothes and goods for 17.1 per
cent tup by 3.1 per cent). Furniture and household utensils for stores
the coal.

cent), and electric goods and number of services offered to musical instruments for 15.4 the younger generation such as musical instruments for 15.4 per cent jup by 5.4 per cent). Negative factors, such as higher depreciation costs and heavier interest payments following the opeoing of new outlets and lower profit margins resulting from lengthened instalment repayment periods were offset by good earnings from the service sector.

sector. the current half year, ending January 1984, the company expects good sales contri-butions from its newly opened Kinshicho store. From August, the company introduced no-deposit credit sales—to all its stores and expanded the

the younger generation such as loans for instaling telephones or for acquiring driving licenses. With continued strong earnings from the service sector. Marui's full year sales are expected to grow by 11.0 per cent to ¥300bn.

Full year pre-tax profits are forecast at Y20.5bn, up by 3 per cent and net profits at Y10bn, up by 4 per cent. The company is expecting to achieve record sales and profits for its

21 consecutive year.
On the grounds of this bullish carnings forecast for fiscal 1984 Marui plans to increase the year-end dividend by Y2 to Y15 per share.

### Chartered unit complies Loss narrowed at UEL

third largest bank in Malaysia, (U.S.1.68m) from SSI5.9m in United Malayan Banking Corporation. The Chartered Bank has assets locally worth more than 3hn ringoit New Economic Policy of Malaysia, which stipulates that at least 30 per cent of shares must he held hy indigenous

more than 3bn ringgit.

Mr Green said that on completion of local incorporation the bank would be renamed Malays, will take place "when Chartered Bank Malaysia and the Government feels the time its shares will be floated to the is right," said Mr Green. public Only the Malaysian operations AP-DJ

-SPAREBANKEN OSLO AKERSHUS-

The lead

bank in

domestic

Norwegian

bond

issues.

**SPAREBANKEN** 

Forex and Treasury Section
Tel: Oslo 3185 28-30. Telex: 16463 sparx. Capital Market Section Tel: Oslo 31 90 50. Telex: 19968 spark n.

Tordenskiolds gt. 8-10, Oslo 1, Norway: Tel: 472 31 90 50.

Stanley Electric Co., Ltd.

Tokyo 3½% DM 40,000,000 Convertible Bearer Debentures 1978:1985

Fugua Overseas Finance N.V.

U.S.\$50,000,000

Guaranteed Floating Rate Notes due 1987 Uncontritionally guaranteed as to payment of principal and interest by

Fugua Industries, Inc.

In accordance with the provisions of the Notes, notice is hereby given that for the 50 months period 14th September, 1983 to

14th Maich, 1984 the Notes will carry a Rate of Interest of 10 - Poper annum with a coupon amount of U.S. \$271.74

Agent Bank CHEMICAL BANK INTERNATIONAL LIMITED

Adjustment of Conversion Price

Adjustment of Conversion Price
By the resolution of the Board
of Directors of August 30, 1983,
Stanley Electric Co., Ltd., makes
a free distribution of shares
of Common Stock to its
shareholders of record on
September 30, 1983, in the
ratio of one new share
lor each ten shares held.
Therefore, the conversion

Frankfurt am Main

in September 1983

Artist Control

price of the 31. Convertible Bearer Debentures 1978/1985 will be adjusted pursuant to Section 4 of the Loan Terms effective October 1, 1983 from

Yen 623.00 to Yen 566.40 fo each share of Common Stock.

Stanley Electric Co., Ltd.

**Dresdner Bank** 

Aktiengesellschaft

On behalf of

KUALA LUMPUR—The technical calities for locally incorporated be locally incorporated and ing the British-owned Chartered when this is done it will be locally incorporated and when this is done it will be locally incorporated and strength overall first-half group pre-tax loss lower.

Bank have been completed, equal in asset terms to the locality incorporated and provision.

first half 1982, It reported a 25 counts against its equity lo per cent decline in turnover to S\$39.2m.

The lieavy equipment and engineering group said turnover fell due lo continued poor trading conditions. It also the first half of 1983. cited the loss of a number of

was made io its 1982 full-year

Also excluded from the firstproduct agencies but added that, half accounts was an extra-due to improved management ordinary profit of S\$731,000 and the lermination of unprofit-

### INTERNATIONAL APPOINTMENTS

# **Prudential banking post**

PRUDENTIAL INSURANCE and development at BMW. Mr Scott has been appointed chief executive of the company. Mr Scott has been appointed chief executive of the will become chairman of the will be will b & Trust Co. The bank is the successor of the tiny Capital City Bank, Hapeville, Georgia, which Prudential bought last April,

ARTHUR CUINNESS AND SONS has appointed Mr Robert F. Kinsey as president of the Guinness-Harp Corp, New York. He was nreviously vice president of McKesson, U.S. wine and Simpson Timber, Seattle. Wash-

solrits group.

• Mr Eric D, Saunders has been elected executive vice presideol—Midwest for the SEARS MERCHANDISE GROUP, one of five business units of Sears, Roebuck and Co. Mr Saunders succeeds Mr M. E. Burkholder, who has retired. Mr Everett L. Buckardt has become vice president—specialty stores and catalogue—store operations. To his new post, he is responsible for Sears Business Systems Centers and the newest specialty stores new post, he is responsible for Sears Business Systems Centers and the newest specialty stores now being tested—Sears Paint and Hardware Stores. He previously was geoeral manager of Sears Chicago group of retail stores. Mr Matthew A. Howard, was elected vice president—hore appliances and home enterian.

Mr Henry W. Donalison has been named vice president—marketing and business planning for the GTE TELEPHONE OPERATING GROUP. Mr Donaldson will be responsible for the strategic direction and marketing of local network services and residential telephone equipment for GTE. Since 1981. equipment for GTE. Since 1981, he has served as senlor vice-president of USTS, an ITT Corp. operating subsidiary providing interstate telephooe services throughout the U.S.

SOURCE TELECOMPUTING CORP. has appointed Mr Bert I. Helfinstein its president and chief executive officer. Mr Helfinstein is a former president of the Computer Systems Group at Planning Research Corp., a computer services company also STC is a subsidiary of The located io McLeao, Va.

located io McLeao, Va.

Mr David A. Sizer has been elected chairman and chief executive infincer of RiCHARD ELLIS INC, international real estate consultants. Mr Sizer, who joined Richard Ellis in 1964 and became a partner in 1966, was one of the three partners of Richard Ellis responsible for establishing the firm's U.S. offices in 1976. He was chairman of Richard Ellis' international committee.

mational committee.

Mr Ralph Steedman, vicepresident finance, has heen
appointed a director of LAWSON

JONES LTD—CANADA.
Lawson & Jones is a constituent
company of the overseas division
of the Mardon Packaging Group. national committee.

years.

Mr Dennis J. Ziengs, vicepresident, has been named
general manager of the Sooul
branch of CONTINENTAL
ILLINOIS NATIONAL BANK
AND TRUST CO of Chicago. Mr
Ziengs, who jotned Continental
in 1973, has held positions in the
bank's international banking
services department to Rotterdam and London. He was most
recently assigned to Tokyo as
area manager nf Continental's
multinational banking services.

EG&I: INC, has elected Mr
George H. Gage a senior vicepresident. He was a vice-president.

dent.

• Dr Karlheinz Radermacher has been appointed to the board of the ZF GRUUP. He will be responsible for the management of the central engineering division and huld the post of deputy charman. Dr Radermacher was formerly responsible for research

pany. Mr Scott has joined HNT from Dantata Holdings of Kano and Lagos where he was ao executive director.

Mr Moseley, Jr. is president of Simpson Timber, Seattle, Wash-ington. He is also chairman of Simpson Paper, a subsidiary of Simpson Timber.

Mr Aziz D. Syriani, a director, Mr AZIZ D. Syriani, a director, has been elected to the board of OCCIDENTAL PETROLEUM CORP. He is president of the Diayan Group and Competrol Establishment, which through its substidiary... Competrol (BVI), is Occidental's largest single common shareholder.

was elected vice president—not appliances and home entertain meol succeeding Mr Robert R. Thompson, who is retiring.

Mr David A. Wingale has been elected chairman of RAYMARK CORP. Mr Wingate is chairman of Hi-Shear CORP. Mr Wingate is chairman and president of Hi-Shear Industries Inc. North Hills, NY, which holds 30.6 per cent of Raymark's stock. Mr Wingate succeeds Mr William S. Simpson, who has retired. Mr Ealan J. Wingate, a vice president of Hi-Shear Industries, has joined the bnard. board.

INSURANCE SERVICES
OFFICE. INC. has made the following changes: Mr Fred R. Marcon has become senior executive vice president and chief operating officer and Mr Charles R. Schader executive vice president. Mr Marcon, previously executive vice president resnonsible for insurance lines, actuarial and informalion systems, will additionally assume responsibility for administration, industry relations and ISO Commercial Risk Services, Inc., ISO's property-services subsidiary organisation, Mr Schader, senior vice president and general counsel, has assumed added responsibility for finance and research.

Ms Sandra K. Johnigan, a

Ms Sandra K Johnigan. a partoer in ARTHUR YOUNG'S national office, has been named co-chairman of the financial services group. Ms Johnigan will concentrate on the thrift Industry while co-chairman Mr Bud Ward focuses on the firm's

company of the overseas division of the Mardon Packaging Group.

Mr Eugene F, Finkin has been appointed executive vice-president — operations of DANLY MACHINE CORPN., a subsidiary of Ogden Corpn. Mr Finkin will be responsible for Danly's manufacturing, engineering, purchasing and employee relations. He joins Danly from Westinghouse Electric Corporation, where he served for two years.

Mr Dennis J. Ziengs, vice—

Mr Roger L. Billings has been elected a vice president only served as the company's general manager—Guif Coast area. Mr Billiogs assumes the responsibilities of vice president and chief operatine officer for Home was executive vice president and chief operatine officer for Home william L. Donnetty, vice president—western region, has been elected a vice president of Mr Roger L. Billings has been elected a vice president only president only president only president of AMINOIL USA, Inc. He previously served as the company's general manager—Guif Coast area. Mr Billiogs assumes the responsibilities of vice president only p dent-western region, has been appninted vice president-production, hased in Houston. Mr Theodore W. Ehring, vice president dent—eastern region, succeeds him as vice oresident—western region. Mr Donnelly has been named general manager named general manager— western region in 1979, and vice president—western region in 1981. Mr Ehring has been elected vice president—domestic exploration tn 1981 and appointed vice nresident—eastern region in 1982.

> **AUTHORS WANTED** BY N.Y. PUBLISHER leading tubidy book publisher seeks manu-tricit of all laber fection non-faction poetra, newfile all habers are religious write, etc. New a, then, welcomed. Sens for free booklet. FN-1 hartage Press. 516 or 74m St. New York, N.Y. (2001). 1, 1

### India seeks further Norwegian survey fall in RBI influence group to go public

to remove from the Reserve

GECO, the Norwegian seismic cent of its capital up for sale. Geco's owners, Demorske Veritas and Kongsherg Vapen-fabrikk are asking around NKr 96m [\$13m] for the shares. The two partners — DnV carries out ship and rig classi-

The placing is planned for this month. Some time next year Geco will seek a listing on the Oslo Bourse and will launch an issue of new shares to raise "several tens of millions of

Following the placement this

month of the 24 per cent stake, Geco employees will be offered NKr 3m-worth of new shares.
Last year, the Kosmos shipping group considered buying Geco from its present joint owners. The two sides failed to agree on a price, however.

● MO OCH Donsjoe, the Swedish forestry group, is lo sell its interests in its two remaining hydro-electric power stations to a private Swedish consortium for SKr 900m [\$114m]. The proceeds will be used to reduce Mo Do's debt

AN Indian Government effort India), although the Bank of to remove from the Reserve Nova Scotia, from Canada, was granted a licence. Bank of India its powers to license foreign banks to open branches in the country has set the two on a confrontation path. BCCI is owned by Arab sheikhs but is registered in Luxembourg. Other considerations also weighed against the Discontent has been simmer-RBI granting it a branch licence. The Reserve Bank decided to consider the request ing at the Finance Ministry in New Delhi over the RBI's stance only after some arm twisting by New Delhi. on many issues. In recent years,

the annual reports of the Reserve Bank have been rather frank on the government's actions. Dr Manmohan Singh. The government does not want this situation to recur. carries out ship and rig classifications, materials testing and other consultancy services while KV is a state-owned official company—hope to bring in new company—hope to bring in new owners to streogtheo Geco's equity and prepare it for further expansion.

It is already the world's third of industry should have clear It tried to tackle the problem first by placing a civil servant about to retire from the Finance Ministry in a key posi-tion at the Reserve Bank, But Dr Singh, himself an ex-civil servant, saw to it that his views It is already the world's third largest marine seismic company, with turnover this year forecast at NKr 950m, compared with NKr 822m in 1982. The second as saying that captains of industry should have clear guidelines so that they should not constantly be looking over at NKr 822m in 1982. prevailed in the allocation of portfolios among los deputies, while conceeding to the gov erament the right to appoint the deputy governor.
The Finance Ministry opened

corporate growth. a second front by proposing an amendment to the Bunking What has brought matters to a head was the issue of Regulation Act to remove from the Reserve Bank its powers to licensing the Bank of Credit and Commerce International (BCC1), which has been wait-ing for an RBI clearance for licence foreign banks to open offices and to allow Indian banks to open hranches within the country and abroad. more than four years to convert its representative office in Bombay into a fully-fledged Dr Singh clearly does not

want in go down in history as branch.

The Reserve Bank is apparently not satisfied with the BICCI application, arguing that it is not eligible to open an office on the grounds of lack of reciprocity, which has been generally the basis for allowing foreign banks in India, It is on this issue that proposals from both Midland Bank and Barclays to open branches are still pending (there are a large number of British bank branches in the governor who presided over the fall in influence of the Beserve Bank. Already, the RBI has been weakened by the separation from its control of Industrial Development Bank of India, by transferring its ownership to the govern-ment some eight years ago and also by taking away ils agricultural credit function following the setting up last year of the National Bank for Agriculture International Capital **Markets** Review

Every Monday the Financial Times pub-lishes a review of the previous week's activity in the internationa bond markets.

This synopsis of the Euromarkets together with a comprehensive tabular list of current international bond issues offers the reader a detailed and thorough weekly study of one of the most important financial mechanisms in the world today.

In addition the Financial Times publishes a monthfu summary of Quotations and Yields from the Association of International Bond Dealers.

### Preliminary Announcement of results for the year ended 30 June 1983

The Directors of Fleet Holdings P.L.C. announce the results, subject to audit, for the year ended 30 June 1983 based on historical costs.



	30 J (Subje	ar ended une 1983 et to audit)	Nine months ended 30 June 1982		
Turnover Natiooal newspapers Regional newspapers Magazine publishiog Other activities	229,352 5,469 62,194 3,369	300,384	171,717 2,757 43,313	£000 217,787	
Operating profit (loss) before interest and taxation National newspapers Regional newspapers Magazine publishing Other activities	2,884 406 5,763 1,070	10,123	(2,209) 307 4,511 (192)	2,417	
Income from related companies Income from other fixed asset investments Other interest receivable and similar income Interest payable on Convertible Unsecured Loan Stock 1997 Other interest payable and similar charges		29 1,129 98 (1,200) (651)		21 312 2,436	
Profit from ordinary activities before taxation and extraordinary items  Taxation		9,528 (709)		2,932 (182	
Profit from ordinary activities after taxation before extraordinary items Extraordinary items		8,819 2,438		2,750 (306	
Profit for the year attributable to shareholders Dividends—paid —proposed	452 903	11,257 1,355		2,444	
Profit relained for the year		9,902		1,842	
Earnings per ordinnry share Before extraordinary items After extraordinary items		14.64p 18.69p		4.57 4.06	
Total dividends per share, including proposed final for 1982/83		2.25p		1.00	

Notes to the Preliminary Announcement

1. The first full year of trading of the Fleet group, which ended on 30 June, 1983, was a period of considerable activity within its mainstream activities of newspaper and magazine publishing but it was also marked by the beginning of the development of other interests, such as films. Additionally, the implications for the group of a possible public flotation of Reuters Limited became clearer. Overall the financial results were encouraging when viewed against those of the previous ninc month period and the last full year before the demerger from Trafalgar House, but it must be recognised that although the results achieved from the national newspaper interests are improving they are still inadequate for the investment and effort.

In achieving a profit on ordinary activities before taxation of £9.53 million for the year ended 30 June, 1983, the group performed significantly better than in the previous nine months when profit at the comparable level was £2.93 million. After taking into account extraordinary items of £2.44 million. which included a profit of £2.64 million arising from the sale of certain of Morgan-Grampian's titles in the U.S.A. and taxation of £0.7 million the group's profit for the year was £11.26 million. This result is marginally better than the estimated profit figures contained in the circular letter to shareholders dated 1 July, 1983. The improvement was due in the main to better than expected circulation and advertising revenues in the final two weeks of the year.

The Directors propose a final dividend on the ordinary shares of Fleet Holdings P.L.C. payable to shareholders on the register at the close of husiness on 15 September, 1983, of 1.5 pence per share. Subject to approval by shareholders at the Annual General Meeting it will be paid on 3 November, 1983. The 24,088,324 ordinary shares issued by way of rights in July 1983 do not rank for this dividend.

The figures for the nine months ended 30 June, 1982 are an abridged statement from the Group accounts as at that date. Those accounts have been delivered to the Registrar of Companies and contain an unqualified auditors' report.

The Annual General Meeting will be held on Thursday 20 October, 1983, in The Pepys Suite, The London International Press Centre, New Street Square, London EC4.4 3JB at 12.00 noon. The Annual Report will be posted to shareholders on 26 September, 1983.

# BAe slips to £36.5m at midterm

rading profits by British Aerospace in the first balf of 1983, from £53.1m to £58.5m, the taxable surplus slipped by £800,000 to £35.5m — following a halving of net interest receivable to £6m.

a net hasis and at 19.8p (18.2p) on a nil distribution basis and the Interim dividend is being lifted by 0.25p to 3.5p net. For 1983 a total of 8.45p was paid. Sir Austin Pearce, chairman, points dut that the company continues to grow. Sales advanced by 12 per cent from £930.9m to £1.04bn and the order book at the end of June of £4.5bn

Earnings per 50p share of this aircraft, guided weapons and space systems manufacturer are given higher at 18.3p (16.8p) on ioterest rates, means that net interest receivable was reduced hut with no charge for tax

points dut that the company continues to grow. Sales advanced by 12 per cent from \$930.9m to \$11.04bn and the order book at the end of June of \$14.5bn was 7 per cent higher than ot the beginning of the year. He says strenuous efforts have been made 10 improve sales volume and realisations, to improve efficiency and to reduce costs. Persoonel reductions and reorganisation expenditures have been necessary but, despite \$136.5m compared with £33.5m. Throughout the period the company maintained a healthy positive liquidity position and the cash flow was also positive, Sir Austin says.

Major sales efforts continued during the period, some results of which have already come to fruitton, such as winning the contract to devlop and build the ALARM defence suppression missile for the RAF, further home and overseas orders for

INCLUDING a first time contri-bution from Finlas first half taxable profits of Marchwiei im-

proved from £4.32m to £6.2m, and the interim dividend is lifted

pressed and expansion is being conceotrated in areas where there are some signs of real

Overseas trading of this builder, civil engineer and parent company of Sir Alfred McAlpine, recorded overall profitability though the results

During the period to April 30, 1983 the gradual decline in turnover was reversed with an increase of just over £20m to £120.48m. However, trading conditions in the UK are still destance of Marchwie Sales of Marchwie

McAlpine, recorded overall ing boom this year. Marchwiel brofitability though the results sees this sector as its most promising area for expansion. The UK construction, though patchy,

military aircraft, such as the Agile Comhet Alrcraft (ACA), civil aircraft such as the Airhus 300-800 and the 310-300, missiles such as the Air Launched Anti-Radar Missile (ALARM, and also satellites for direct broad-

attributable profits rose £36.5m compared with £33.5m.

Marchwiel makes £6.2m halfway

net profits emerged at £3.72m (£2.59m) for earnings of 10.2p (7.2p) per 25p share. For the year to October 31, 1982 the company achieved taxable profits of £13.75m from turnover of £243.24m, and paid dividends totalling 7.5p with a final of 4.8p.

The wet spring has not hindered

The wet spring has not hindered sales of Marchwiel houses in the UK. The £11m acquisition of the Finlas house huilding group proved to be excellent timing and combined with existing house huilding operations has enabled the group to grab its share of the modest bouse building house this year. Marchwiel

award of a contract to build a demonstrator experimental air- profits. craft hased upon the ACA. Three new aircraft, the Jet-stream 31, the BAe 146 and the A310, entered service with the

A310, entered service with the airlines and, in the case of the BAe 146, also with the RAF.

"Performance exceeds our expectations, and our confidence in these products is being demonstrated and shared by our cuatomers," Sir Austin reports.

The latest version of the BAe 125 husiness jet, the 125-800, flew in June and the group already has orders to add to the six 125-700 orders received during the nerlod. The space and communications division continued to exoand and the first fasts. See that the group's product range and its competitive drive the directors believe tive drive the directors believe to drive the directors to the of five European communications satellites, ECS-1, was launched. As part of the rationalisation programme, the group has closed its factory at Hurn, where the major work load was on the

company is heartened by recent

contracts including the Man-

chester Exhibition Centre, recently awarded. South African
profits were down by 20 per cent
with little sign of recovery yet.
But elsewhere prospects are
more cheen'ul and according to
the chalrman "there are a
number of useful pokers in the
fire." That adds up to a reasonable order book and strong cash
reserves of around £30m, similar

reserves of around £30m, similar to the year end, despite the £11m

pay out for Finlas. It compares with a market capitalisation of £69m. Marchwiel should make £16m for the full year which puts the shares down 10p at 200p on e prospective actual tax P/E of 7.9 and yielding just under 6 per cent.

involved, the trading profits tional sales of the Jetstream 31, reduced at other sites mainly increased.

Further investments have been During the period the UK civil aircraft. To meet these made in the development of Government announced the costs a provision of £19m has a provision of £19m h been charged against trading

> Looking ahead Sir Austin says competition in all sections of the be severe but with the group's product range and its competitive drive the directors believe it will succeed in the market.

"The future is challenging but one that we view with confidence," he concludes.

A divisional breakdown of sales shows: civil aircraft £194m (£180.6m); military aircraft £432.8m (£423.2m); guided wcapon systems £261.4m (£232.8m); guided wcapo wcapon systems £261.4m (£238.8m): support services £60.9m (£57.5m); space £62.5m (£29.1m) and miscelloneous £28.6m (£21.7m).

# A & M Hire placing to raise £0.5m

A & M Hire, formerly Data Securities, is raising £500,000 through the placing of 11.37 per cent of its capital on the Unisted Securities Market. The company supplies a wide range of antique furniture and other company to the company of the company of antique furniture and other company to the company of the company to the company of t equipment to theatres and TV

and film companies. Brokers Le Mare Martin have placed 5m new 10p shares at par and dealings will commeoce on September 19. The balance the company is owned by Christopher Maclean, chairman and finance director, Mr David Rosenberg.

The directors forecast a profit The directors forecast a profit for the year to January 1934 of £700,000 before tax, compared with £410,000 last year. They also forecast a dividend of 0.1p net per share and estimate on a nil tax charge a p/e of 6.29 at the placing price of 10p and a yield of 1.42 per cent. If they company had been listed for a full year the dividend would have been 0.2p.

The money is being raised to

The money is being raised to meet the costs of expansion. A new warehouse was purchased in January which increased space by over 50 per cent and allows for further investment in furniture and equipment to meet

# **Home Charm** advances and sees record year

A RECORD year is foreseco hy Mr H. E. Fogel, chairman of Bome Charm following a rise in interim pre-tax profits from £1.22m to £2.92m. The 1982 rationalisation and

expansion programme, including the £14m Sankey Homocentro acquisition, has eoahled the com-pany to remain competitive, and pany to remain competitive, and at the same time produce net margins at the trading levelafter depreciation and interest—up from 2.6 per ceot to 4.1 per ceot, he says.

Sales for the 24 weeks to June 18, 1983 were higher at £60.97m against £43.5m, and the chalrman says that since the end of the period sales have continued at a satisfactory level.

An increase in the interim dividend from an adjusted 0.283p to 0.75p is partly to reduce dis-

dividend from an adjusted 0.283p to 0.75p is partly to reduce disparity. Last year's total was an equivalent 1.23p.

The taxable surplus was arrived at after deduction of depreciation £1.35m (£1.02m), interest £0.62m (£0.51m), but included asset disposal profits of £0.42m (£0.1m).

fo.42m (£0.1m).

So far this year the company, a supplier of wallpaper, paint, kitchen and bathroom units, has opened three new stores and closed four smaller ones.

mas opened three new stores and closed four smaller ones.

Three more superstores will be opened before the year end, and in addition another 12, totalling 350,000 sq ft, are due to be opened during 1984. The first new superstore catering for the heavier end of the DIY market has just been opened in Plymouth, with a second due to opeo in March 1984, both will trade under the new name of Bulk DIY.

Midterm earnings per 10p share emerged at 3.9p (adjusted 2.8p) after tax of £1.25m (£42,000).

comment

so the group is on course for around £5m nre-tax for 1983. This was always going to be the year when shareholders saw the tangible benefits of the Sankey purchase and they will not be disappointed. Almost by accident that acquisition has taken Home Charm into a new style of DIY retailing. The groun ended up with two stores in Plymouth and Items for hire include the full contents of a puh with 80 ft bar and a gothic courch. It alsa has lighting, vases and other equipment to complement the furniture featured in films such as the sale of one could have been inviting in the competition. Hence Bulk DIY was born aimed at the more enthusiastic home owner and the "moonlighting" end of the professional market.

# Fleet Holdings better than expected at £9.5m

FOR THE year ended June 30 1983 Flect Holdings newspaper and magazine group has turned in a marginally better result than that forecast with the July rights issue. Better-than-expected simplifier and adventising circulation and advertising revenues in the final two weeks have helped produce a group pre-tax profit of £9.53m.

This goes against not less than £9.1m forecast and £2.93m 19.1m forecast and 22.93m achieved in the previous nine months. The final dividend is the promised 1.5p on the old capital for a net total of 2.25p, compared with 1p for the previous period. Earoings were 14.64p (4.57p) before extraordinary credits and 18.69p (4.06p) after.

The year was one of considerable activity within newspaper and magazine publishing, but it also marked the beginning of the development of other

interests, such as films.
At the operating level, before At the operating level, before interest, national newspopers (Daily Express, Daily Star, Sunday Express) turned round from a loss of £2.21m to a profit of £2.88m but this result is "still inadequate for the investment and effort." Regional newspapers contributed £406,000 (£307.000), magazine publishing £5.78m (£4.51m) and other activities £1.07m (loss £192,000).

There is an extraordinary

There is an extraordinary credit of £2.44m, which takes into account a £2.64m profit arising from the sale of certain of Morgan-Grampian's titles in

DIVIDENDS ANNOUNCED Assed Leisure .....int 1.65
Garnar Booth .....int 2.65 Garmar Booth tint 2.65
Bowater int 3.5
British Aerospace int 3.5
British Vita 29
British Estate int 1.9
BTR int 6
Cettle Haven 0.5
Richard Cley int 1.3
Cnsd Gold Fields 1.5
S. W. Farmer int 3.1
Fashion and General 7
Fleet Holdings 1.5
Harlons Group‡ int 0.28
Hestair int 0.28
Home Charm int 0.75\$ Hestair int
Home Charm int
I. & J. Hyman int Imry Property 29
Lou Merchant Sees 1.05
Marchwiel int 3
Bernard Matthews int 25
Thomas Tilling int Nil
Trade Indemnity int 2.37
Willis Faber int 5

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or ocquisition issues. ‡ USM stock. § Increase is partly to reduce disparity. ¶ For nine months.

rights issue it is perhaps too easy to underestimate what Fleet Holdings has ochieved since it was cast adrift from Trafaigar. The directors atill bemoan the prostable operation could be worth 120p a share to Fleet alone agrics a master a refer to the prostable operation.

reedit of £2.44m, which takes into account a £2.64m profit arising from the sale of certain of Morgan-Grampian's titles in the U.S.

Comment

With results fairly much as those forecast during the summer's

The directors atill bemoan the worth 120p a share to Fleet alone thin margios from national newspapers but in Fleet Street terms the group is not doing bad. Of course the real quality part of course the real quality part of the published cornings is its of over 4 per cent. As ever his magazine Interests. Morgan-Grampian. The capital profit on the sale of some loss-making U.S. ceroed its attractions as a bid titles gives some idea of the

# Pause in LMS growth—pays more

Lord Rayne, the chairman, explains the profit reduction as a product of peak expenditure on property and energy development, the initial absence of income from important new acquisitions, and associated companies' contribution cut from £2.31m to £557,000. Investment income fell from £6.44m to £4.95m.

Net property rental income after all outgoings rose by 22 per cent, from £8.32m to £10.16m, and will advance further this year.

After tax £2.16m (£3.06m) and minorities £783.000 (£486,000) the year's attributable surplus came to £4.91m (£6.43m). Earnings are shown at 3.08p (£0.37p) hasic and 2.25p (2.83p) fully

However, the upward trend will be resumed in the current year, says the chairman, with substantial increases from 1985 onwards as the reveoues from all those sources come into full

and will advance further this year.

After tax £2.16m (£3.06m) and minorities £783.000 (£486,000) the year's attributable surplus came to £4.91m (£6.43m). Earnings are shown at 3.08p (£0.3p) hasic and 2.25p (2.83p) fully dilutable

comment

Over the years London Merchant Securities has switched its emphasis away from industrial interests towards property and

THE PREDICTED downturn in profits at London Merchant Securities turns out to be from a restated £9.97m to £7.86m for the year ended March 31 1983. The dividend, however, is lifted from 1.35p to 1.55p net, with a final of 1.05p.

Lord Rayne, the chairman, explains the profit reduction as a product of peak expenditure on property and energy development, the initial absence of income from important new acquisitions, and associated companies' contribution cut from the year's attributable to shareholders rose by £51m to £185m. The figures incorporate an increase of £48.5m in the improvement of rental income investment property resulting from a revaluation of the portion.

Net asset value attributable to gives some hint at the company's real worth but then the steady improvement of rental income had already given the market a feel for this end of the business. However the energy division is only just emerging as far as profits are concerned. The message from the chairman's statement is clear enough in that a full recovery to over £10m fcom the chairman's statement is clear enough in that a full recovery to over £10m fcom the chairman's statement is clear enough in the articipated in the current 12 months helped by over £1m from its £783.000 (£486,000) the year's attributable to shareholders rose by £51m to gives some hint at the company's real worth but then the steady improvement of rental income had already given the market a feel for this end of the business. However the energy division is folio.

After tax £2.16m (£3.06m) and months helped by over £1m from its £783.000 (£486,000) the year's attributable to shareholders rose by £51m to gives some hint at the company's real worth but then the steady improvement of rental income from a revaluation of the port.

After tax £2.16m (£3.06m) and months helped by over £1m from its £783.000 (£486,000) the year's attributable surplus. year the profits line should really start to motor. Its stake in the Maureen field alone could he worth fim that year, while the recent tax changes should enable it to shelter the income stream fairly effictively. At 71p a 3 per cent yield and p/e of over 30 on fully diluted earnings hardly makes the shares look cheap. Still loog term, they should not let investors down.

let investors down.

Somebody with a bit more money than seose has helped boost property disposal profits at Home Charm ond it would be onrealistic to look for a repeat of that in the second half. Even ilighting, vases and other equipment to complement the furniture featured in films such as Charlots of Fire and TV programmes including Barchester Chronicles and Reilly Ace of Sples.

In concentrating on antiques, the company has been able to increase the value of its assets considerably. It does not hire costumes nor has it moved into modern furniture.

owner and the "moonlighting" end of the professional market. Meantime traditional Texas is holding its gross margins, the net level is well up, on sales rising by around 20 per ccot this balf year. With a market capitalisation of £53 m it is hard to argue that the shares are cheap at 126p, yet the quality of Home Charm's earnings make it an essential part of any retailing portfolio.

# Willis Faber advances £6m and lifts interim 1p

FOR THE opening half of 1983 Willis Faber, insurance broker, returned profits of £23.17m at the pre-tax level, an improve-ment of £6.16m over the results for the same period last year, and the interim dividend la being stepped up by 1p to 6p

The directors say the results followed a similar pattern to last year with a substantial increase in pro5ts coming from the group's international broking Incomo for the half year totalled £49.53m (£38.15m) before expenses of £30.91m

Taxable profits included a £4.56m (£4.22m) share of associates results—the comparable figure also took in a £538,000 profit of insurance companies. Tax charge rose from £8.24m to £11.9m to leave net profits well abead at £11.26m, compared Earnings emerged at 26,98p (21,22p) per 25p share,

Revenues growth continues

comment

he extremely strong at Willis Faher, at around 30 per cent in the first half, and profits gains have more than matched this hy climbing some 36 per cent. Even allowing for the scasonal weakness which is normal in the second half, the full year's profits should move above 140m. profits should move above £40m. Much depends, however, on whether the dollar can maintain its strength—on an underlying lts strength—on an underlying basis brokerage growth was more like 15 per cent, adjusting for currency gains and acquisitions. Even on a voidme basis, however, the strength of the reinsurance business is encouraging, and this trend should be helped by the recovery in the U.S. economy. At 548p the shares managed to move slightly against the London market trend yesterday, and are solidly placed with a prospective p/e of probably around 11.

### Trade Indemnity

Trade Indemnity, which writes credit Insurance business both in the UK and oversens, is hold-ing its interim dividend at 2.365p net for the six months to end-June 1983.

The report shows that premiums written on the three open underwriting accounts for the period totalled £20.87m, an increase of 20.2 per cent on the comparable figure for the first balf of 1982.

The 1981 underwriting account at end-June 1983, after making provision for all known claims. showed a deht balance of is8.455. This compares with a credit halance of £799.045 on the 1980 underwriting account at the same stage a year earlier.

The 1982 underwriting account at the 1982 underwriting account at the 1982 underwriting account at the 20 1982 showed a credit

at June 30 1983 showed a credit halance of £1.51m after making halance of £1.51m after making provision for all known claims. The credit balance on the 1961 underwriting account at the same stage a year earlier was £304.118. Both balances exclude the underwriting contingency reserve, which stood at £2m at the end of last year.

BTR is one of the major success stories of the 70's and 80's.

Every year our results have spoken for themselves in terms of profit and growth. How do we do it?

By a continuous re-assessment of resources and opportunities against market trends worldwide. And by a track record that reaffirms confidence in our policies and our people.

Thoughtful planning balanced with incisive action has built our reputation. And we're in good shape to keep it



BTR plc, Silvertown House, Vincent Square, London SWIP 2PL, 01-834 3848.

# Costain Group **INTERIM REPORT 1983**

Group Results	Six months to 30 June 1983 £'000	Six months to 30 June 1982 £'000	Year 1982 £'000
Turnover	314,000	313,000	709,000
Trading profit			
General trading	18,188	16,896	42,715
Net income from rents of land and buildings	2,602	2,306	5,451
	20,790	19.202	48.166
Interest payable	4,540	5,052	10.565
Profit before exceptional items	16,250	14,150	37,601
Exceptional items-Costain Australia Ltd.		8,211	2.819
Profit before taxation	16,250	22,361	40,420
Taxation at estimated 25% (1982–25%, year 16%)	4,063	3,538	6,436
Profit after taxation	12,187	18,823	33,984
Profit attributable to minority interests	1,607	4,436	7.174
Profit before extraordinary items	10.580	14,387	26.810
Extraordinary items	1,144		1.900
Profit attributable to Costain Group PLC	11,724	14,387	28,710
Interim dividend of 5.5p on the ordinary abares (1982–5.0p)	3,822	2,780	
Total dividends on the ordinary shares (1982–12.0p)	_	_,	7,645
Amount retained	7,902	11,607	21,065
Overseas currencies have been expressed in sta	rling in the half year	firmwar at the wa	t

exchange ruling at the previous year end.

The results for the six months to 30 June 1982 have been restated to show exceptional items on a basis consistent with that in the audited accounts for 1982. Exceptional losses in the second half accounted for the reduction in the figure for the year.

# Mr C.T. Wyatt, Chairman, reports:

For the six months ended 30 June 1983, unaudited pretax profits of the Group are £16.25 million compared with £14.15 million profit before exceptional items for the six months ended 30 June 1982. There were no exceptional items in the first half of 1983.

There have been improved results from housing in the United Kingdom, where we expect approximately to double last year's sales of 404 units, from our quoted associate Canadian company, which returned to profit in the first half of the year, and from our quoted subsidiary in Australia. There was a good performance in mining

The Directors have declared an increased interim dividend of 5.5p (1982-5.0p) per ordinary share of 25p payable on 24 October 1983 to shareholders registered on 30 September 1983. With the tax credit of 2.3571p per share, this makes a gross equivalent of 7.8571p per share. They would expect, in the absence of unforeseen circumstances, to recommend a final dividend for the year of not less than the 7.0p paid in respect of 1982. Total dividends paid in respect of 1982 amounted to 12.0p per share.

On the basis of what has been achieved so far this year and current information, I anticipate that the profit for 1983 will be not less than the £40.42 million reported for 1982, which included exceptional items.



Britain's leading international construction group Costain Group PLC 111 Westminster Bridge Road, London SE17UE Results of Duple Internationel, the coach and bus body maker, are not included in the figures. The company is in the throes of an extentive reorganisation, and ooce this is completed the directors are confident Duple will be profitable again. Savings in excess of fim bave been identified and action taken.

In the half year, to July 31

In the half year, to July 31 1983, turnover rose from £32.72m to £38.05m. Consumer products produced record profits, while SOS Eureau has quadrupled its profit before interest. Within the vehicle sector Hestair Eagle bas continued its spectacular advance, but Dennis bas again had considerable difficulty inhad considerable difficulty in-creasing its output despite healthy order books. Farm equip-ment is still a difficult market.

After tax £155,000 (£98,000) the net profit came to £1.16m (£318,000), and aarnings were 6.1p (£5p) per share. A "substantial provision" has been created to cover the anticipated costs of the Duple reorganisation

The interim dividend is lifted from 1.25p to 1.5p net. The 1982 final was 2p when profit before tax reached £2.16m,

### comment

Hestair seems to have specialised in making a go of business sectors where numerous competitors have sunk without trace, from toys to commercial vehicles. Management appears to be proving its worth in most cases, with Kiddicraft toys still on track for £4m or more this year and the employment bursay. year and the employment bureau profits up four times on last war. The problem is that even hestair's managemant can do very little about the effect of government regulations which have required hundreds of design changes in Hestair Dennis's product range, or indeed the shrunken capacity of the UK engineering industry which is presently causing serious difficulties for this subsidiary on its subcontracted work. Hestair Dennis is running only diary on its subcontracted work. Hestair Dennis is running only just ahead of its 1982 trading level and could finish the year level and could finish the year marginally lower. The reorganisation of the newly acquired Duple business is already undar way, with costs of up to £3m to be written off against a special provision well away from the income statement. But other non-engineering acquisitions might yet do more, for the shares, which last night closed down 3p at 86p where they carry a prospective yield of around 8.5 per cent after yesterday's 20 per cent after yesterday's 20 per cent increase in the interim dividend.

It alway from the exceptional credits of the state of the fine exceptional credits of the exceptional credit of the exceptional credit.

The interim dividend has been thusiness. U.S. Mining has been thusiness with Pyto more than compensating for lower coal prices with price reflects the profits of around 8.5 per cent the curreot year.

Improved results from bousing in the U.K were achieved, and the directors expect an approximate dombling of last year's sales of 404 units. A return to profits was experienced by the dombling of last year's form the directors of Richard Clay has come in with some good results thanks to an increased in the interim dividend.

Upsilone for fue exceptional credit of full trading elsewhere in the business. U.S. Mining has been thusiness a value trading elsewhere in the business. U.S. Mining has been thusiness as a tradery in the business. U.S. Mining has been thusiness as a tradery in the business. U.S. Mining has been thusiness as a tradery in the business is already undar. Profits of fu

99,000

\$100,000

32 St. Mary at Hill

BUINNESS MAHON & CO. LIMITED

# BTR makes progress but Tilling hit by U.S. losses

A NEAR f10m increase has been shown by BTR in Interim pre-tax profits which rose from £48.7m to £58.3m for the first balf of 1983. However, results ennounced for Thomas Tilling—which became a subsidlary on June 5—show a dive into pre-tax losses of £1.4m for the six months to the end of June following a £30m inventory write-down in the U.S.

The net interim dividend at

The net interim dividend at BTR has been lifted from 4.75p to 6p, and a one-for-two scrip issue is proposed.

The net interim dividend at Thomas Tilling has been passed, against payment of 3.5p last time.

The directors of BTR say that Tilling companies in general performance continued into 1983. making considerable progress against the previous year—with the important exception, bowever, of the energy equipment operations in the U.S.

In that area substantial operating losses of £33.9m (profits £3.8m) were suffered, through the effect of falls in prices for pipe—and group operating profits of £14.6m against £43.4m were arrived at after writing down inventories by £30m. The write-down arose from a

review by the new management of a deterioration in market prices for pipe.
The directors of BTR say that **BOARD MEETINGS** 

Interime—AMEC, Air Call, Burmsh
Oil, Colubread Robey, Ceitron Industries, Oanish Racon, Eaglo Stat.
Experimer Interinstionol, J. Hawitt
(Fonton), JSO Computor International,
Jones and Shipman, Legal and
Ganeral, London United Investments,
Oilfarde International, Tale
Teach Computer Computer Computers
Systems Seeigners International, Teleworth. Fingls—Robert M. Couglas. F. & C Eurorrust, Flatcher Challenge, George H. Scholes, Staffordshire Pottories.

At BTR, which is engaged in energy, engineering, plastics and materials handling, sales slipped from £379.7m to £348.2m.

The directors say that the growth which sustained the 1982 performance rowtinued into 1983. An earnings gain of 20 per cent is attributable in part to financing and exchange benefits, and the control of the control o is also due to cost reduction, product innovation and realistic

If the consumer boom of the pest year were to lead into a revival of broader based dimena cost containment programme is being vigorously pursued while a "best strategy" is determined. Companies in other sectors continue to progress For the balf year under re-

view at Thomas Tilling, sales expanded from £1.09bn to £1.14bn. Pre-tax results were struck after other income abead from £1.2m to £9.4m, and higher finance costs of £25.4m (£23.8m). After tax of £13.1m (£6.8m) and minorities, the attributable level saw a deficit of £14.8m compared with a surplus last time

pared with a surplus last time of £14m. Substantial increases in trade scots apart from energy equip-ment in the U.S. were extinguished by losses incurred after the write-down, say the directors. However, they say the weakness in that market may be abating and action has been taken to rebalance resources to

# Costain lifts interim payout

HALF YEAR pre-tax profits of the Costain Group, engaged in construction and development activities, are given as £18.25m, against a restated £22.36m adjusted to the tune of £8.21m relating to an exceptional credit in Costain Australia.

in Costain Australia.

Results for the comparable period have been restated to show exceptional items on a basis consistent with that in the audited accounts for 1982.

Turnover for the six months to June 30 1983 was £1m higher at £314m and trading profils rose from £19.2m to £20.79m, Interest took £4.54m against £5.05m leaving profits up at £16.25m compared with £14.15m before the exceptional credit.

The interim dividend has been increased 10 per cent to 5.5p and the directors expect to recommend a final not less than last year a 7p. Profits last year totalled £40.42m, including exceptional credits of £2.82m and at least maintenance of this is

fully paid

2.228

9,966

\$12,194

ment is fasued in compliance with the requirements of the Coun-cel Exchange, it does not constitute an invitation to the public to subscribe for or purchase any Shares

**Guinness Mahon** 

International Fund Limited

Share Capital

in 9,900,000 unclassified shares of ent each of which there have been study 222,780 Participating

Accumulation Shares of 1 cent each Menagement Shares of \$1 each

Introduction of up to 3,000,000 Currency Deposit Shares of 1 cent each

de to the Council of The Stock E

Appearation the best make a the course of the stock exceeds to the definition of the above Currency Deposit Shares to the Official List. Purculars relating to the Company and the Strares will be evaluable in the Extel Sustained Service and copies of the particulars may be obtained during usual business toous on any weekday of Securdays and public holidays excepted) up to and including 8th October, 1983.

Dividend per shere

### comment

improved. There was a good performance in mining and contracting.

After tax of £4.06m (£3.54m), minorities £1.61m (£4.44m), and extraordinary items £1.14m (nil) the attribulable surplus was £11.72m (£14.39m).

Comment

higher productivity. Australia Mining has been a disappointment and Costain plans to persevere but with lower expectations. It is just back into profit but no interim dividend has been paid to the UK parent. Canada has been turoed round belped by lower interest rates and rousiderable land and asset sales. Process engineering is Costain is forging ahead with housing sales in the UK. The target of a 50 per cent increase on last year suggested at the AGM has now been increased to nearer double last year's 440 sales. The company says it has the demand and capacity to increase market share, a strategy it needs to fulfil to make up for dull trading elsewhere in the business. U.S. Mining has been the bright spot in Costain's nonconstruction activities overseas with Pyro more than compensating for lower coal prices with sales. Process engineering is dull as is Costain's dredging

ed recovery.

At the start of the second half orders of this book printing and binding group were "substan-tially stronger" than for some time, and this trend rontinues.

For the balf year ended July 1 1983 turnover came to £9.07m (£10.69ml, excluding work done internally, from which an operating profit of £722.000, against £400.000 was earoed. This is subject to interest £81,000 (£68,000). redundancy costs £120,000 (£119,000) and last year a credit releasa from discount on acquisities £120,000

After tax £260,000 (£135,000) earnings are shown at 2.89p (1.58p). The interim dividend is lifted to 1.3p (1p)—in 1982 the company paid a total of 3p from profits of £971,000, against 1p from .losses of £954,000 previously. After tax £260,000 (£135,000)

the secood quarter of the year.
If the present buoyant level demand in the paperback printing industry continues into the second-balf profit margins might be widened as publishers fight for the limited spare reflecting the cost of the Faken-ham closure, but these should be reduced in the near future. Both indirect and direct exports have increased by the current exchange rale level and this should continue. Though Robert Maxwell's BPCC no longer holds a 5.8 per cent stake, the company remains slightly nervous and is fairly cautious in its predictions for the future. Still for the year

# **Garnar Booth increase**

WITH A sharp increase from £24,000 to £334,000 in pre-lax profits by Garnar Booth for the half year to the end of July 1983, the directors report that pros-pects for the group are "encour-aging." They say that satisfac-tory trading conditions continue into the second half.

The net interim dividend has been lifted from 2.4p to 2.65p. Basic earnings per 25p share are

ahown as rising sharply from 0.3p 10 9.3p—fully diluted they are given as ahead from 0.5p to 9p. Sales of this tanner and

pre-lax profits rould be around the fl.5m mark. The shares closed 6p up yesterday at 88p giving a prospective p/e ratio of 11 fully taxed.

leather manufacturer increased from £29.09m to £31.56m. In the last full year a final dividand of £25p was paid from pre-tax rrofits of £1.12m on sales of £59.36m.

The good progress shown in the first half under review is due

not only to an improvement in world trading conditions, say the directors, but also to the benefits from the group's strategy of selective acquisitions and ranon-alisation in the UK tanning in-During the period there was a steady increase in demand for

thoes, leatherware, upholstery, leathergoods, bookblinding, and also chamois for cleaning pur-

At the trading level profits increased from £1.29m to £2.21m. Tax this time took £277,000, and extraordinary debits absorbed less at £33.000 compared with £91,000. At the attributable level a surplus of £624,000 was returned this time against a previous deficit of £67,000.

# Yearlings

The interest rate for this week's issue of local authority bonds is 10; per cent, down it of a percentage point from last wek. It is down? compared with a year ago. The bonds are issued at par and ere redeem-able on Seplember 19 1984. A full list of issues will be published in tomorrow's edition.

> LADBROKE INDEX 696-703 (-12) based on FT index Tel: 01-493 5261

# 1983

If you would like a copy of the full Interim Report,

CORPORATION PLC Bowater House Knightsbridge London SW1X 7LR

at the address below.

# INTERIM POWAT

Substantial profit growth in UK/Europe: North American operations now firmly on the recovery curve.

Improving trends expected to continue in the second half-year.

in recent years have produced a substantial improvement in UK operating results. Trading profits in total from activities in UK/Europe and Australia/Far East were nearly doubled over the first half of 1982 at £21.4m (£11.7m) and the improvement has continued into the second six months.

North American operations were again affected by weak markets for newsprint and pulp, which touched bottom in the first quarter. Since then a steady improvement has been evident. Trading profits fell by 54% to £23.3m (£50.3m).

Profit before tax for the whole Organisation was £24.6m (£42.3 m). The much better performance in United Kingdom activities has limited the effect of the lower contribution from North America, despite a slightly higher net charge for interest.

The recently improving profit trends in the whole Organisacion are expected to continue through the second half-year. An exceptionally low overseas tax charge for the full year will additionally benefit profits

Accordingly, the Directors expect to recommend total 1983 dividends of not (7.75p). An interim dividend has now been declared of 3.5p to be paid on 7th November 1983 to shareholders of record at 30th September 1983.

The North American operations are It is expected that both these trends will contribute to better overall results for the second half of the year and will confinue through 1984.

Salient Results	Six months t 1983 (unau	Year to 31.12.82	
Sales	£m 780	£m 775	£m <u>1,566</u>
Trading profit: North America	23.3	50.3	83.2
UK/Europe; Australia/Far East Central costs	21.4 (2.3)	11.7 (2.4)	26.8 _ (5.0)
	42.4	59.6	105.0
Interest (net)	<u>17.8</u>	<u>17.3</u>	<u>32.5</u>
Profit before taxation	24.6	42.3	72.5
Taxation	7.3	<u>17.2</u>	27.5
Profit after taxation Minority interests	17.3 	25.1 <u>6.5</u>	45.0 _14.8
Profit attributable to shareholders	9.4	<u>18.6</u>	_30.2
Earnings per ordinary share	5.8p	11.5p 4.25p	18.6p
Dividend per ordinary share	3.5p	7.25p	7.75p

### Higher sales from hypertechnology Sales Order Book 10% higher ■ Trading Profit ■ Interim Dividend \_\_\_\_\_3.5p per Ordinary Share (1982 3.25p) ■ 1983 Queen's Award to Industry for Export. A310 enters airline service. ■ Jetstream 31 enters service in Europe and USA. ■ BAe 146 enters airline service in UK, USA and RAF. ■ Experimental Aircraft Programme contract awarded. First flight BAe 125-800 business jet. Missile contracts grow. ■ Space & Communications Division continues to expand. Highlights of the Statement by the Chairman. Sir Austin Pearce: 65 ... the business of British Aerospace continues to grow. ... throughout the period the Company has maintained a healthy, positive liquidity position end the cash flow has also been positive We continue to recruit highly qualified people for the development of new products in the fielde of 'hypertechnology' in which we operate... Approximately two-thirds of all of our products are today exported.... The future is challenging but one that we view with confidence.

Interim Results for 1983	1983	<i>" 6</i> 7	82
Unaudited consolidated results for the period, 1st January to 30th June, 1983	First half £m.	First half £m.	Full year £m.
Sales	1,040	931	2,053
Trading profit	59	53	113
Launching costs written off	(29)	(29)	(49)
Net interest receivable	6	12	19
Profit before taxation and exceptional item (£100m. in 1982)	37	37	85
Profit/(Loss) after taxation and exceptional item	37	34	(23)

Copies of the full statement will be sent to all shareholders. Further copies are available from the Secretary.



**Group Interim** Results (unaudited) for the six months to 30 June 1983 Improvements in UK and European operations, regulting in 47% (Year 1982-21%) contribution to Group profit before tax internetional companies have weethered world recession well, steady improvement anticipated Prospects for second helf reasonable, given UK consumer demand maintained First Half £000 1983 97,799 54,526 49,375 Turnove 3,973 2,600 **Trading profit** 5,063 1.569 Associated companies 1.407 3.447 (632) (508)(1,126)Interest 5,034 3.375 7,384 Profit before tax 268 2,391 1,562 UK and Europe 3,107 5,822 International 2,643 5.4p 11.0p Earnings per share

Copies of the Interim Report can be obtained from the Company Secretary

BRITISH VITA PLC, MIDDLETON, MANCHESTER M24 2DB INTERNATIONAL LEADERS IN FOAM, FIBRE, FABRIC AND RUBBER PRODUCTS

HENDERSON CROSTHWAITE & CO.

194-200 Bisho

London EC2M 41L

The benefits from the reorganisations at the attributable level.

less than the rate paid for 1982 as a whole now firmly on the recovery curve of the pulp

and paper cycle and the other parts of the Organisation continue to develop strength.

International investors in commercial property

# **Interim Report 1983**

Six m	onths 1	to 30th June	Year
	1983 £000's	1982 £000's	1982 £000's
Net Rental Income	7,245	6,425	13,642
Gross Profit	3,728	3,320	7,061

☐ Interim Dividend 1.90p per share – an increase of 11.8% over 1982

Copies of the Interim Report may be obtained from The Secretary, 22-24 Ely Place, London ECIN 6TQ.



# The Fleming Enterprise **Investment Trust plc**

A specialist investment trust investing in selected small U.K. companies and companies which have not yet achieved a stock exchange listing.

Year to 30th June	Net Assets £m	Dividend per share	Net Asset Value per share	Share Price
1979	12.8	4.17p	128p	86p
1980	13.8	6.00p	138p	100p
1981	15.9	6.50p	159p	120p
1982	15.4	$6.50_{ m p}$	154p	118p
1983	21.8	7.20p	218p	154p

Portfolio distribution

U.K. Listed 68%

Unlisted 32%

Copics of the Report and Accounts may be obtained from the Secretary, Robert Fleming Services Limited. P & O Building, 122 Leadenhall Street, London ECSV 4QR.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the issued Ordinary Shares of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for the Ordinary Shares of the Company to be admitted to Listing A Placing of 5,000,000 New Ordinary Shares of 10p each in the Company has been arranged by Messrs. Le Mare, Martin & Co. contemporaneously with the Company's application. Shares have been offered to and are available through the Market.

# A. & M. HIRE plc

(Registered in England-No. 120257) SHARE CAPITAL

Authorised £4,500,000

Issued and fully paid £4,394,584 Ordinary Shares of 10p each Particulars giving information with regard to A. & M. Hire plc are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (except Saturdays) up to and including 30th September, 1983,

LE MARE, MARTIN & CO. City Gate House, 39-45 Finsbury Square, London EC2A 1LE BIDS AND DEALS

# N. Goldsmiths £2.2m expansion

Northern Goldsmiths, the retail jeweller and bookmaking chain acquired earlier this year hy Anthony Gover, the motor insurance broker, has agreed to buy the privately-owned Brighton jewellers chain, William Wright, for about \$2.2m in shares. shares.

This represents the first important acquisition by Northern Goldsmiths since the Gover take-over although it agreed to sequire Sidney Nepper, a Slough-based bookmakers chain for £325,000 in July. At the time of the £3.8m take-over of Northern Goldsmiths, Gover said it planned further

acquisitions.

The Wrights chain numbers 12 shops in Wales and Southern England stretching from Liandudno to Brighton and it takes the total Northern Goldsmiths jewellery chain to 36.

Wrights made a pre-tax loss of £190,705 on turnover of £1.54m in the year anded January 1 1963 after charging head office expenses of £255,408.

Wrights bas net tangible assets including freebold and long leasebold properties with an estimated current market value of

mated current market value of £2.5m.

The price to be paid will be based on the asset value of the hosiness at September 9 1983 less any dilapidation due on tha property and redundancy costs incurred as a result of the closure of Wrights bead office.

About 20 of the 120 employees of Wrights have been laid off and the head office is being sold.

Mr Anthony Gover, Northern Goldsmiths chairman, said the purchase was essentially a promated current market value of

purchase was essentially a pro-perty deal in view of tha freo-bolds being acquired. Wrights had been profitable

until the past year or so but the younger members of the owning family had no wish to maintain that business which had moved into a loss, be added.

Northern Goldsmiths plans to Northern Goldsmiths plants to upgrade a number of the jewellers shops though it may not be able to take full advantage of the pre-Christmas season.

Its shares rose 3p yesterday to a new 1983 high of 205p.

**BREETS STAMPING** 

The offer by J. and H. B. Jackson for all the issued preference shares of Breets Stamping bas been accepted in respect of 16,936 shares (84.7 per cent). The acceptance date has been extended to 3 pm on September 30.

HELENE OF LONDON

An EGM of Helene of London was beld yesterday to pass resolutions to acquire JDK and to empower the directors to allot new shares in accordance with terms of a recently announced whoth is to be a second or the state of the second or the second of the sec

rights issue.

Accordingly, Helene has now completed tha purchase of JDK. Dealings in the new ordinary shares, nil paid, will start today.

SOLEX (UK)

Solex (UK), the British opera-tion of the Solex group, which manufactures carburetters, has acquired a controlling interest in the Landl Hartog group, e Dutch-based market leader in liquid

petroleum gas systems.

The technical knowledge of Solex in fuel engineering will be allied to the experience of Landi

# **Bambers share dealings** halted as losses mount

Stores, the clothing retailers, were suspended yesterday after the company revealed that losses for the first balf of the current year would be greater than articipated.

anticipated.

Bambers also informed Mellins, the textile company, which bolds a 6.2 per cent stake in Bambers, that there will also have to be en unspecified provision for stock writedowns.

The suspension came after Bambers shares had fallen 6p to 12p, leaving the company capitalised at £4,312,900.

It was also announced that Mr Louis Vernon, the former chairman, and Mr P. H. Vernon, the former commercial director, of Bambers, heve renegotiated their agreement with Mellins. Mellins will be repaid not less than £167,921, which is equivalent to 71p per share.

In August it was announced The suspension can after and will remain open corrections to 12p, leaving the company capitalised at \$4,312,500.

It was also announced that Mr. Louis Vernon, the company capitalised at \$4,312,500.

It was also announced that Mr. Louis Vernon, the former chairman, and Mr. P. H. Vernon, the former commercial directors, the former of the former commercial directors, and the former commercial directors, an

for 1.69m ordinary (93.57 per cent).

An EGM of Hartley Cooper on September 12, 1983 passed resolutions to effect the proposed capital ceorganisation of Hartley Cooper. Subsequently 1.8m new ordinary 50p shares, fully paid, were allotted and the capital reorganisation took effect.

The offers for Hartley Cooper beve become fully uncooditional and will remain open for ecceptance until further notice. Gibbs Insurance Holdings intends to acquire compulsorily any shares

# Recovery in **UK** lifts **Brit. Vita** halfway

PROFITS before tax of British Vita improved from £3.38m to £5.03m in the first half of 1983. The result was struck after associated rompany profits of £1.57m against £1.41m and deduction of interest of £508,000 com-pared with £632,000. Turnover for the period was up from £49.38m to £54.53m.

Profits from the UK and Europe rose from £268,000 to £2.39m, with most of the impresse attributable to UK operations, while profits from international rompanies declined to £2.64m against £3.11m.

against £3.11m.

Prospects for the second six months give cause of some optimism as consumer demand and the recovery in the group's UK operations appear to be continuing, say the directors.

However, they say, much yet depends on interest rate movements and the exchange rate of the pound, particularly as regards the other European countries.

tries.

A higher interim payment of 2.9p (2.7p) is declared, with earnings for the period up from 5.4p to 11p. The attributabla balance came out at £2.82m against £1.46m after tax £1.99m (£1.85m), minorities £53,000 (£62,000), and an extraordinary debit this time of £177,000.

comment

Improved volume in its UK husinesses has been the key to British Vita's first half improvement, after a year when heavy bad debts (particularly in the furniture trade) and slack demand had left the company almost entirely dapendent on its operates against Consumer Consumers demand had left the company almost entirely dapendent on its overseas earnings. Consumer demand has impacted directly on the profits to be gained from pillows and duvets, less immediately on foam produced for tha furniture manufacturers or on automotive upholstery. But the increase in offtake overall has been sufficient to produce a ten-fold increase in UK profits. This moce than outweighs the falling away overseas (partly a function of currency) and allows e fairly celaxed view to be taken of blocked nrofits in Zamble and, et present, Nigeria. The modest dividend rise if cepeated at tha year-end would suggest a yield of 44 per cent et yesterday's price of 192p, up 5p, while sustained UK demand might see pre-tax profits past filom for e prospective p/e on e 40 per cent charse of around nina times nat earnings.

### L. & J. Hyman

MINING NEWS

# Recovery for Gold Fields in second half

BY GEORGE MELING-STANLEY

A SHARP RECOVERY in the second half of the year to June 30 gave Consolidated Gold Fleids pre-tax profits for the year of 589.7m, towards the top of tha share market's range of expectations.

This enabled tha group to

maintain the final dividend at 16p, making an unchanged total of 24.5p, better than many people

had hoped.

There was, bowever, a note of warning from Mr Rudolph Agnew, chairman. He indicated that the group would like to see its dividend twice covered by earnings, on everage over the current cycle.

After last year's figure of 1.2 times, and 1981-82 1.6, earnings will clearly have to rise substantially before chareholders can look for an increased payment.

3			Dm.	in the net interest charge owing
ŕ		1983	1982	to the absence this time of tha
•	Share of OESA	e1.3	38.0	fish earned as interest on
	Olv from direct hold-		40.0	
	ings in gold mines	25.1	18.0	funds on deposit last time, and
	Shere of Newmon!	8.7	7.3	e rise of £9,2m in the tax charge.
•	Share of Renison	3.3	(3.0)	This last was largely due to
:	Other mining operatn's	e.s	9.2	the fact that the previous year's
•	Aggregates and related			charge was reduced by £12m
-	products	46.5	35.2	arising from changes to the
7	Manufacturing end	-		deferred tax provision.
•	Commercisi	(13.5)	5.1	These differences left net
£	Resilsation of invests			
,	other income (net of	9.9	. 22.4	profits £15.9m lower at £57.
	Operating profit	138.0	130.2	Earnings came out at 30.5p per
:	Exploration expandi	136.0	130.2	share, down from 39p last time.
	Lura	13.6	. 13.8	In addition there was an
ŗ	and tax	124.4	125.4	extraordinary provision of £87m
ı	Msi interest charge	34.7	18.0	against the losses anticipated on
-	PROFIT BEFORE TAX	89.7	96.8	
٠	Tex	32.5	23.8	discontinuing the investment in
	Profit after tax	67.2	73.5	the U.S. drilling rig operation
	Minority interests	0.2	0.6	Skytop Brewster, which Gold
i	Attributebia	57.0	. 72.9	Fields has taken below the line.
•	Extraordinary provision	87.0	-	Mr Agnew said that this pro-
١	Olvidenda (Including			vision, made last November, still
	fical) ,	45.8	45.8	looked to be about the right size.
•	Ratsined	(75.8)	27.1	
l	ATTRIBUTABLE	57.0	72.9	Negotiations are under way over
	Extraordinary provision	87.0	_	the sale of part of the business
	Dividends (Including	45.8	45.8	to Ingersoll-Rand of the U.S.
		.(75.8)	27.1	to Ingersoll-Rand of the U.S. The London share market
	EARNINGS PER SHARE	30,5p	39.00	seemed eocouraged by the re-
1	OIVIDENOS PER			
1	SHARE	24.5n	24 50	around the 600p level, jumped to
1	The picture could	of c	Olirea .	610p ou the announcement, and
	change if there is			
ı	thange it there is	e ura	uradic,	moved further ahead to close at
ı	improvement in the	gord	price,	614n
ı	but Mr Agnew said	that	Cold:	See Lex
Į				
1				

next few years. Profits before interest and tax were actually higher than in the previous year, et £124.4m against

were actually higher than in the previous year, et £124.4m against £116.4m.

The main reasons for this wece a rise of 41 per cent in the contribution from the South African gold intersts, a 32 per ceot improvement in the performance of the aggregates and related products business of Amey Roadstone, a ceturn to profit at the 49 per ceot-owned Renison Goldfields Consolidated and gains on cealisation of investments up almost 2½ times.

The principal factors offsetting these advantages wece a decline to a loss of £15m by the manufacturing activities in the U.S., the absence of foreign exchange profits which contributed £23m in the preceding 12 months, an increase of £15.1m in tha net interest charge owing to the absence this time of tha £15m earned as interest on funds on deposit last time, and e rise of £9.2m in the tax charge. This last was largely due to the fact thet the previous year'e charge was reduced by £12m arising from changes to the deferred tax provision.

These differences left net profits £15.9m lower at £57. Earnings came out at 30.5p per share, down from 39p last time. In addition, there was an

# African diamond mine for RTZ

# Tin output remains low

THE LATEST output figures from Malaysia's tin producers continue to reflect the effects of the controls imposed under the sixth. International Tin from Malaysia's tin producers continue to reflect the effects of the controls imposed under the sixth. International Tin Agreement.

Tin concentrate output for the month of August by Malaysia Mining Corporation (MMC) and its subsidiaries fell slightly to by closures for part of the 508 tonnes from 513 tonnes in July. MMC is controlled by Pernas Charter Management.

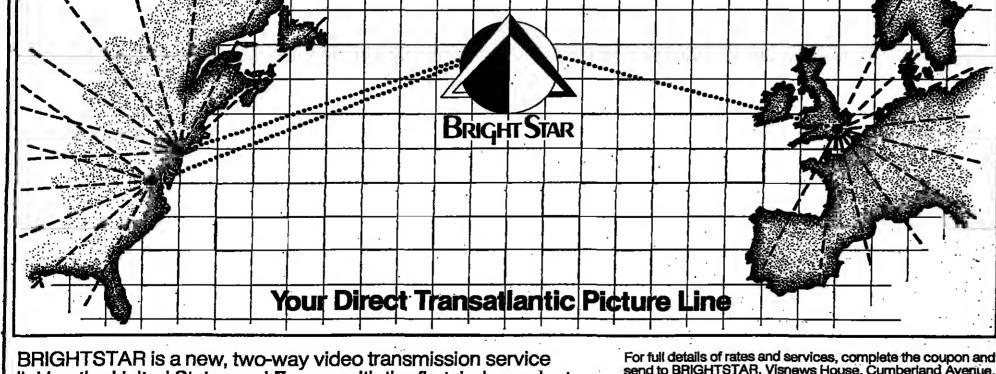
Other companies controlled by Pernas Charter showed a small rise to 1,219 tonnes, against rise to 1,219 tonnes, against 1,23 tonnes in July, Large increases were reported by Ayer Hitam, np from 79 tonnes to MMC Sungai Besi . 40 52 54 148 toones, and Aekam Thal, Tronch ....... 57 25 62

# Prieska moves nearer closure

THE RECENT upture in copper and zinc prices seems unlikely to save the Anglovani group's Prieska copper mine in South Africa's northwest Cape region. Mr Tom Swemmer, chairman, confirmed that the mine remains likely to close in the second half of 1985, In the year to June 30, Prieska

### Granville & Co. Limited (formerly M. J. H. Nightingale & Co. Limited)

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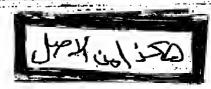
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with the promise that they will

change peoples lives."
Software will eventualty provide the answers to what a

home computer does, but so far

the software does not live up to the promises the industry is

# UK COMPANY NEWS

# Bowater falls but better trend seen

ALTHOUGH first-half pre-tax profits of the Bowater Corporation fell by £17.7m to £24.6m compared with the same period last year better trends in tha North American pulp and peper cycle and other perts of the group are expected to contribute to improved overall results in the second six months and continue through 1984.

The not Interim dividend is being cut by 0.75p per £1 share but in their intarim report the diractors say they expect to recommend dividends totalling 7.75p for the full year, to end-December 1983, the same rate as paid for the previous year.

Sales of the group were little changed at £780m (£775m) for the six months but at the trading

and replacement of plant during the last 15 months is almost com-plete, the directors say. These changes mean that the company

Chambers & Fargus

omitted.

Turnover for the period improved to £10.31m (£9.2m)—the group is a seed crusher, edible oil refiner and processor.

Sharna Ware ahead

Scottish Ice

Rink slips

to £30.026

trading profits shows: North America produced a substantiel improvement to the UK operationa results and that this trend bas continued into the second half.

The North American operations were egain affected by weak markets for newsprint and pulp which louched bottom in the first quarter. However, they say the group is now firmly on the recovery curve in the North American pulp and paper cycle and that the recently-improving profit trends in the whole group are expected to continue through the second balf.

A geographical analysis of trading profits shows: North America £23.3m (£50.3m), UK, Europe £15.6m (£57.7m) and Australia and Far East £5.6m (£45.6m). Divisionally, they broke down as to: paper and pulp £20m (£45.6m), packaging and paper conversion £3.2m (£41.m), tissue products £12.9m (£41.m), tissue products £12.9m (£41.m), tissue products £12.9m (£41.m), building products £2.9m (£45.6m). Central costs accounted for £2.3m (£4.5m).

Tax for the balf yesr took £7.3m (£17.2m) and minorities £1.3m (£17.2m) and minorities £1.3m (£17.2m) and minorities £1.3m (£17.2m) and minorities £1.3m (£17.2m) and

were aubstantially betow last year. The markets for each are expected to gain strength as the year progresses with coated paper ahowing a much stronger improvement than pulp. The directors say that the programme of continuous capital investment in American mills to keep efficiency at the bichest keep efficiency at the highest levels is being maintained. They add that the domestic news-print price in the U.S. has re-turned to the leve) which prevailed a year ago and this will benefit Bowater's results in the

benefit Bowater's results
second half.
Group pre-tax proats for the
1982 year drowned from 1981's
f106.7m to £72.5m with aevere
overcapacity and lower prices
for pulp being blamed.
See Lex

# Associated Leisure at £3.7m

FOR THE 26 weeks to July 3, 1983 pre-tax profits at Associated 1984 pre-tax profits at Lower pre-tax profits of £30,026 against £38,059 have been produced by Scottish Ice Rink Co. (1928) for the six months to the end of March 1983. Turnover of this Glesgow-based close company, which provides akating, curling and leisure facilities, expanded from £162,557 to £176,151. these results are not comparable with the 26 weeks to September 12 1982, when pre-tax profits came to £3.96m, which included the bulk of bnoyant summer season trading for that year.

The directors go on to say that the pre-tax result for the period under review represents an increase of 24 per cent over

period under review represents an increase of 24 per cent over that indicated by management accounts for the equivalent period in the previous year.

The net interim dividend has been lifted from the equivalent of 1.33p, on capital increased by a one-for-two scrip, to 1.6p,

on future prospects, the direc-tors say that cash flow continues to be healthy and seasonal cash balances are ahead of budget. They consider that the outlook for trading in the second balf is satisfactory. In the 42 weeks to January 3 1983, pre-tax profits came to £5.52m from which an adjusted dividend total of 3.33p

adjusted dividend total of 3.33p was paid.
Turoover for the 26 weeks amounted to £30.48m (£30.21m).
All groop activities contributed to the improved profit. In the amusement machine division, profit has, as anticipated,

able to increase its profitability, partly as a result of cootinuing atrict control of costs, but largely due to an improved performance by the sales company.

The coach based holtday bual-

pess, Smiths Happiways, bas carried more passengers than in the equivalent period last year, with better coech utilisa-

year, with better coech utilisa-tion through greeter opera-tional efficiencies.

The group's botels, too, hava reported better figures than in the previous year, with higher occupancy and margins.

# Hartons upturn—pays interim

changes mean that the company will no longer have to depend on revenues from ice sports which causes trading to be restricted to eight months of the year.

The full results of these changes will be reflected in the accounts to September 30 1984.

At the trading level profits fell sharply from £24,709 to £16,531, with investment and rental income little changed at £13,495 compared with £13,350.

There is again no tax and earnings per share are shown at by Hartons Group directors, regarding prospects, has been borne out with a five-fold increase in balf-year taxabla profits from £100,000 to £512,000. ings per share are shown at 44.4829p (56.3837p). Turnover for the six months to June 30 1983 was up at £10.58m gainst £1.52m.

against il.b2m.

The directors say that reorganisation of the group is now
complete and a base for expansion and continued progress bas
been established. They are con-For the 53 weeks ended July 2, 1983 pre-tax profits of Chambers & Fargus dropped by £199,000 to £102,000 compared with the previous year with the second six months' contribution down from last time's £178,000 to £22,000. fident of further improvement in the second half and, following an interim dividend of 0.28p, will be in a position to recom-mend a final in excess of the to £22,000.
Earnings for the 53 weeks fell to 2.56p (4.77p) per 5p share and a reduced final dividend of 0.75p (1.25p) leaves the net total 1p lower at 0.75p—the interim was omitted.

ber 31 1982 were £267,000 on turnover of £4.9m, and a single dividend of 0.175p was paid.

The group, quoted on tha USM, bas interests in plastics, engineering and property. Visi-jar Tuckers, the distribution par ruckers, the discharacter subsidiary significantly increased its contribution, and plans for expansion have been laid down, say the directors.

Progress at Sumner Products also continued with e rise in both sales and profits over the corresponding period. Further development of the existing nursery and electrical products ranges and the introduction of attributable deficit of £64,000.

tors very optimistic about its growth prospects.

There were no major changes in Hartons Estates property portfolio. However, rent reviews for the majority of properties in January 1984 will provide added contribution to the group's future profits.

There was a tax charge of £155,000 this time leaving net profits of £357,000 (£100,000). Minorities took £1,000 (same) and earnings for the period under review were 1.68p (0.48p).

# **Bernard Matthews puts on** £1m helped by new range

FOR THE 28 weeks ended July ham factory is now fully 17 1983 Bernard Matthews has repaired and substantial insurpushed up its profit by £1m to ance has been received but it £2.82m. Sales rose £8m to will be some time yet before the £36.45m and the great majority claim is settled. One of the of the growth was again achieved effects of the fire was to delay within the turkey meat products the introduction of some new division, with the continuing suctions of the present of the presen Reflecting a contribution from the new cash and carry at Birkenhead turnover and profits of Sharna Ware have shown of the growth was again achieved within the turkey meat products division, with the continuing success of the new range of increases in the first half of 1983. The group is engaged in the mannfacture of plastic products, and cash and carry

merchanting. from £5.59m to £8.63m and profit from £5.59m to £8.63m and profit from £40,000 to £71,000. With tax taking £37,000 (£21,000) the net profit is £34,000, against £19,000 last time before an extraordinary debit of £69,000. The interim dividend is held at 0.9p. Since June 30 the group as a whole has operated in accordance with budget.

Second Alliance

Gross revenue of the Second Alliance Trust rose from £3.4m to £3.97m in the year to July 31,

The final dividend is lifted from 7.35p to 8p making 10.75p against 9.6p for the year. Earnings per 25p share are given as 11.01p (9.8p) with net revenue at £2.11m (£1.88m).

Not asset value per share, before prior charges at par, is given as 550.2p (351.4p).

Abbey Panels

\$2.T(T\*\*\*

further decline in pre-tax profits was experienced by Abbey
Panels Investments in tho six
months to March 31, 1983.
Sales fell from £4.79m to
£3.73m and profits decreased by
£173,000 to £124,000. The dividend is again passed, the last
payment being a 0.75p final in
1862.
M. F. London Chairman and

Mr E. Loades, chairman, says that the trading position and re-sults remain very unsatisfactory, and he holds no optimism for the near future.

The company is engaged in project design and manufacture

of major assemblies for space, aerospace, defence and nuclear

engineering.
There was e deficit of £27,000 (profit £69,000) after tax of £151,000 (£228,000).

**Brixton Estate** 

Investment profit before tax of Brixton Extate, engaged in property development and in-vestment, increased from £3.32m to £3.73m during the aix months to June 30, 1983. Net rental income was np at £7.25m against £6.43m with other income adding £13,000 compared with £11,000. The taxable result was struck after a

able result was struck after a debit for interest on developed properties of £2.68m (£2.3m) and administration costs £867,000 (£313,000).

The interim dividend is raised from 1.7p to 1.8p per 25p share. Last year's total payont was 4p with a final of 2.3p.

Overall, say the directors, there bas been some improvement in the letting market but this, however, has been confined to buildings of the bighest quality. Looking to the future they say much now depends on further recovery in the world economy and, in particular, in economy and, in particular, in the level of commercial and industrial activity in the UK.

er i Kasasia

products.

man, says in the whole bird division, through increasing con-sumer d/mand, the self-basting golden Norfolk turkey has sumer dymand, the sen-oasting golden Norfolk turkey has achieved a very substantial increase in market share. The consequent reduction in demand for some competitors pro-ducts has, however, depressed turkey prices overall.

the introduction of some new product lines and until recently the distribution of the new beef roast. However, distribution of the new beef this—the first non turkey meat product—is now being extended.

The first half of the year, making £255,000 pre-tax against the distribution of the new beef change in trading conditions, this—the first non turkey meat product—is now being extended.

The first half of the year, making £255,000 pre-tax against the distribution of the new beef change in trading conditions, pany knows backwards. Add sive system represented by the another of the same, shake or combination of DCX, Grapevine and Beeline. product—is now being extended. The fire has also delayed the opening of the new factory at Halesworth. After tax £282,000 (£337,000),

golden Norrolk turkey has
After tax £282,000 (£337,000),
achieved a very substantial
increase in market share. The
consequent reduction in demand
for some competitors products has however, depressed
turkey prices overall.

Fire damage incurred earlier
this year at the Great Witching-

# **Associated Paper cash** call and acquisitions

A ONE-FOR-FOUR rights issua raising £2.87m before expenses is being launched by Associated Paper Industries. Along with news of the cash call priced at 80p a share AP announced en agreed takeover of Airpel Filtration and Airpel Hydraulics for £736.246.

cent.

Consideration for Airpel is and Cruickshank and Henry struck after a £250,000 dividand Cooke Lumsden.

payment to the vendor. The purchase price will includa £441,771 in cash with the belance covered by the issue of ordinary Airpel's profit before tax and

80p a share AP announced en agreed takeover of Airpel Filtration and Airpel Hydraulics for £736,246.

Further, the directors are forecasting that profits for the year to October 1 will be similar to last year's £2.269m despite the sbortfall of the first six months when profits declined from £1.26m to £905,000. They are also forecasting a 3p final dividend making a total for the year of 4.2p, an increase of 10.5 per cent.

Copsideration for Airpel is a largel's profit before tax and management charges for the year to April 30 amounted to £233,000 on sales of £1.97m. Airpel is bringing net assets of £243,000. The purpose of the underwritten rights issue is to strengthen the capital base following the acquisitions of Diffusion, announced earlier in the year, and Airpel and to finance further capital expenditure. Initially the cash will be used to reduce short-term debt. Brokers to the issue are Laing and Cruickshank and Henry

# **CH Industrials rights**

further working capital "to meet current expansion."

This diversified industrial holding company with interests ranging from building products to a half share in Aston Martin is asking its shareholders to subscribe for a rights issue of three shares for every eight hetd.

This summer, chairman Mr Tim Hearley was she to show that CH was on road to recovery with a rise in profits of nearly £0.5m to £721,000 for the

CH Industrials is calling on the state of the state of extra cash to provide the further working capital "to meet the state of the stat directors are now saying that the current year is expected to show further progress. As a result of the tower level of development activity and the times of activity and tha timing of pro-perty sales, second balf profits will be higher than those of the first.
The directors add that the in-

dustrial division and the associate company Tudor Webasio are making good progress and are expected to improve their results for the year.
The issue is underwritten.

# RESULTS AND ACCOUNTS IN BRIEF

RESULTS AND ACCOUNTS IN

AAM MOLDINGS (solid lust, builders' supplies) — Results for years ended March 31 1993 reported August 15.
Group fixed sassis £25.72m (£24.04m): Inst current sassis £25.72m (£72.94m): shareholders' lunds £31.15m (£27.94m). Meeting, Cavendish Hotel, SW, October 7, nopn.

F. COPSON (heating equrpment and buildam' matoriale merchant)—Results for year to April 30 1983 elready known. Shereholdem' funds £1.79m (£1.69m): fixed sassis £59m (£7.38m). Fixed assots £520m (£4.9m). Net current sassis £5.28m (£7.38m). Fixed assots £5.25m (£4.9m). Net current sassis £5.28m (£4.9m). Net current s

MINTY (furniture maker)—Results for 26 weaks to July 30 1983: mtsrim dividend 2p (aams): pro-tax profits £11.579 (losses £71.554). RESTMOR GROUP | baby carriego | banks, the Handetsbanken, of the card's potential. | for exampte, are already planting the next generation of the card's potential. | for exampte, are already planting the next generation of the card's potential. | for exampte, are already planting the next generation of the next generati

# struggle to stay in profit

MAINLY AS a result of further belt-tightening and e good per-formance by the service com-pany, the S. W. Farmer Group of structural steelwork and plate-work makers has traded profit.

Since the end of the period there bas been an improvement in the quantum of orders re-ceived. But, be stresses, price levels are still uneconomic and there bave been no signs of better margins.

Capital expenditure in the public and privete sectors has to increase before the company bas any chance of making further

progress.
"Trading ethics are at a low ebb and considereble improvement is long overdue. We have great abilities within the group which requirs an improved market in order to prosper," the chairman tells members. Turnover for the period fell to £8.5m (£12.94m). After tax

to £8.5m (£12.94m).
of £112,000 (£220,000) tha net
came to £143,000 of £112,000 (xeathor); profit came to £143,000 (£237,000). There ware extra-ordinary debits of £58,000 (credit £34,000) appertaining to works closure. Earnings are works closure. Earnings are shown at 5.66p (9.71p) on a normal tax charge, and at 3.37p (10.73p) after the extraordinary items. The interim dividend is meintained at 3.1p net per share.

# H. J. Baldwin

A total of £30,000 has been received from the Wallerateiner Bankruptcy in respect of amounts owed to H. J. Baldwin amounts owed to H. J. Baldwin by W. K. Wallersteiner. Thia amount together with the ex-pected property realisation it will result in a substantial in-crease in liquidity. In these circumstances, tha directors will authorise payment on October 1, 1983 of both of tho balf year's preference dividends due September 30 and, in addi-

due September 30 and, in addi-tion, thet which was due and de-ferred on March 31 this year.

Mr M. J. G. Moir bas been appointed executive director responsible for group's property and investment division.

# H. P. Bulmer

Confidence that HP Bulmer will achieve a worthwhile increase in pre-tax profits this year was expressed by Mr Esmond Bulmer MP, chairman, in his Bulmer MP, chairman, in his address to members at the AGM.

lor year ended Merch 31 1983, reported August 18. Group fixed assets £4.3m (£3.79m); ear current easets £7.45m (£7.09m); aberoholdem' lunds £10.23m (£3.59m). Meeting, chartered Accountant Hell. £C. October 3, noon.

from STU, the country's state board which encourages new

# who fear being left behind in the rush of new technology, or they are bobbyists who just like

biggest challenge facing bome computer annifacturers, according to Mr Don Esteridge, according to air Don Esterioge, president of IBM Entry Systems Division which produces the IBM "pc." As IBM prepares to enter the consumer market with a U.S.\$600 to U.S.\$700 home computer called Peanut, the computer giant is still trying computer giant is still trying to work out what its home com-puters will be used for, be

Past experience of computer ise offers them little help. "Our merket research tells us that two-thirds of the 1IBM) pes sold are used for some kind of business application, and two-thirds are located in the home." says Esteridge, IBM knows what businesses do with computers, and personal computers, "but people don't think like businesses, and they don't went

to," saya Esteridge.
"I like to describe a personal computer as a productivity tool, but when I tell my neigh-bours that, I get a blank stare. They are quite happy with their

puters are fun, that they are creative, that they are an investment in the future." But those answers, Esteridge says, are not enough if the computer fad" ts to endure to become long-term consumer market. Home computer users fall into four categories, according to Apple Computer. They are concerned parents who buy computers to give their children a head start in the computer

# **EDITED BY ALAN CANE**

# The myth of the micro

WHAT ARE PEOPLE DOING WITH HOME COMPUTERS?

BY LOUISE KEHOE IN CALIFORNIA

**TECHNOLOGY** 

WHAT CAN a bome comwhat CAN a bome com-puter do? What use is to to me?" Such basic consumer questions cut through the hyper-bole end rhetoric that surround the bome computer industry. Like the child who abouted playing with computers.

In the U.S., they will buy a total of 5m units valued at US\$2bn. This year, according to Future Computing, e Richard. "the emperor has no clothes" in Hans Christian Andersen's fairy tale, they reveal a web of pretence. Surely, everybody knows what a home computer Not according to some of the leading U.S. makers. Answering these basic questions is the

typewriter, they bave no prob-lems balancing their chequebooks with paper, pen and calculator, and they ere quite comforable with shoe-box files. "We can tell them that com-

age. They are people with a ing the glamour of home compractical—often job-related—purpose auch as writing a book.
Others are "anti-obsoletists" Bowman. Advertisements fee pnters," says Apple Computer marketing manager Chris manager Chris Advertisements fea-Bowman. Advertisements fea-turing movie stars do not address the real issue of the value of the computer to the consumer, be stresses. "We abould be publicising resl applications.
"It is hype to tell the world that home computers are 'user friendly.' Saying that 'every-one will soon own a home com-puter' is not true, and may in

to tall of 5m units valued at US\$2bn. This year, according to Future Computing. e Richardson. Texas, market research firm, the researchers predict that home computers are 'user friendly.' Saying that 'everyone that by 1988 annual sales will rise to a staggering 15.8m units fact build up consumer resistment. I like to describe a personal computer as a productivity tool, but when I tell my neighbours that, I get a blank stare "

to the promises the industry is making, be believes.

"The industry is to keep up with its publicity," says Dan Ross, vice-president of Timex Computer Corporation which sells Sinclair-designad home computers in the U.S.

"The central issue is that the consumer is confused." He compares the home computers offered today to the first consumer-priced automobile. the

I get a blank stare "

worth close to US56bn. The ance. People do not like to be figures specifically exclude computers that serve dual office/ bome applications.

sre beginning to recognise that they must discerd the pretensions and exaggeretions that have surrounded the commer-cialisation of the home computer.

To extend the use of home computers beyond previously identified consumer groups, menufacturers must find more practical applicationa for their machines, they are beginning to

told what they are going to

To live up to those predictions, home computer makers sre beginning to recognise that market will falter. The home computer could become the crockpot of the late 1980s—a hype and bust market."

What will a bome computer do for the average consumer? Atari president of computer sales Don Kingsborough offers the blunt answer: "not very much

"We have got to stop over-"The industry has been sell- promising—selling computers



"The Model T.

"The Model T sold because it met a basic need that was evident to the consumer. Can we say the same of the home computer?" be asks. "There is a lack of clarity in this industrial way have not clearly try, we have not clearly answered a consumer need. We

use bigh technology jargon and we continually discount prices." The nct effect is frustration for the consumer, says Mr Ross.
So far, the industry appears to have identified the issues, but not to bave come up with salis-factory answers. Some lay the problem of finding real applications for the home computer on the shoulders of software producers. Others believe thet if bome computers are cheap

chough the consumer will work out what to do with them. "Interest in home computers is self generating," says Myrddlu Jones, vice president of marketing for Commodore Business Machines, which bas led the decline in bomc com-puter prices to become the leading bome computer manufac-turer in the U.S.

He suggests that the industry should be concerned with meking bome computers easier to use, offering greater support end training to retailers and consumers, making the machines interactive with other home electronics products such bome electronics products such as video disc players and with Improving the "playability" of home computers with better grapbles.

Farmer Group's CASE DEVELOPS LOW COST MAIL

# How data is all on the grapevine

and Beeline."

over companies.

Systems.

Electronic mail - effectively

intelligent telex where messages

can be stored and forwarded-

ia one of the cornerstones of

per cent of the fim-f5m turn-

Case claims prelaunch orders in excess of £1m and over 18

user months of operational ex-perience from pilot installations including Lloyds of London, NCR, Scandinavian Bank Group

and Royal Bank of Canada

Mr Paul Lawson, communica-tions manager for Royal Bank

of Canada Systems which pro-vides consultancy and manage-

ment services to the Royal Bank of Canada Group, said the system was one third of the way through a three and a half month testing schedule: "We have completed most of the

basic testing and we are going to build up live work to around

1500-2000 messages a day. So

far, all the signs are good. We are dead on schedule and we are

very pleased with the perfor-mance of the system."

Mr Lawson, an existing MSX, user said the decision to instal

Beeline was taken on price/

The system atructure is simple. Terminals of whatever type feed messages to the DCX which switches those destined

for the electronic delivery to the "post office," the input/

output processors and memories of the Beeline system proper.

A minimum configuration costs £36,000. Typical configurations cost between £70,000 and

stir and the result will be a new and original product wblch meets a market need at a cost somewhet below conventional

solutions. At least that is the philosophy followed by Computer survey indicated that almost 40 and Systems Engineering per cent of the bigger companies (Case), a publicly quoted compens which is now based in the Watford Business Park North

London.
One of the UK's leading teleand data communications com-panies, Cese last year launched a low cost local area network (method of connecting computers, terminals, printers and files in the office) called Grape-

vine. In designing that product. Case combined its skill in sending computer data over tele-phone lines (modulation/ demodulation) with its experience in switching data streams (its data concentrating exchange. DCX, is a market leader here and in the U.S.) to develop en innovative nro-duct which has found more than

duct which has found more than
70 takers in 19 months.
Vesterday, Case unveiled a
new product, Beeline, which
reveals more of the same thinking. It is an electronic mail
system which uses existing terminal devices, be they persons! computers, computer terminals or word processors and the existing data networking fecili-

Its design draws on Case's experience in message switching (ts message switching exchange is s market leeder) and data switching (Beeline makes use of the data concentrating excbange).

Mr Peter Burton, Case manag-ing director said yesterday: "No other supplier bas our experi-ence in both message switching

# **ENCODED CARDS** Fingerprint cards make an impression in Sweden

SWEDISH patents have just been taken out for an idee to put encoded fingerprints on to identification and credit cerds. The man behind finger print pattern is digitally ancoded and the owners thamb placed on the card is compared from STU, the country's state board which encourages new some sort of electronic circuit to the large print pattern is digitally ancoded and the owners thumb placed on the card is compared with this. This would require some sort of electronic circuit developments and has also to be built into the card to interested one of Sweden's banks, the Handetsbanken, of the card's referrible referrible

Mr Löfberg saya that banks, for example, are already plan-ning the next generation of computer systems they will use in banking. He is sure that cards which are carried in bis fingerprint card is some-Sweden, in pay television thing that the Swedish banks,

### Radio

### Mobile users seminar A ONE-DAY seminar is to be

beld at the Royal Lancaster Hotel in London on October 6, sponsored by the Mobile Radie Users' Association. The meeting will be inter-national in outlook, with

speakers from the UK, U.S., Sweden and Germany. Among the systems to be discussed will be that planned for Britain in 1985, now called TACS (Total Access Communication System), ARTS (American Radio Telephone Service in action in Washington / Baltimore), AMPS (Advanced Mobile Phone Service on trial in Chicago, Washington, Washi

Chicago), NMT (Nordic Mobile Telephone), and Germany's C900 system devised et Siemens. Fee for the seminar is £125 (£112.50 for members of the Mobile Radio Users' Associa-tion) and more details can be obtained from Suzanne May-hew at the organisers, Oyez Scientific and Technical Services, 56 Holborn Viaduct, London EC1A 2EX (01-236

# Networks Defence

applications RACAL SAYS it is making a "substantial" investment in developing defence applica-tions of Planet, its local area

network. (LAN).
The company says that even a small warship such as a minehunter can be fitted with up to 15 separate radio sys-tems. Work now at an ad-vanced stage will produce a system to link dozens of stations round a ship. cluding the bridge, with each

of the radio sets. Planet's twin coaxial cable will replace a maze of dedi-cated hard wiring channels earrying radio control data as well as voice and high speed teleprister traffic. In addition, the LAN'a built-in resillence to failure of one or more of its components or more of its components makes it well suited to the possibility of damage caused by enemy action.

The LAN, to become suitable for the hostile environment of a warship, will be specially "hardened."

### Engines

# Running on vegetable power

A DIESEL engine which can run on vegetable eil is to be manufactured by Mitsul in Japan. It has ecquired a licence from Elko Lizenz, a West German research institute, which developed the

engine, Mitsul can produce and Milsul can produce and market the engine everywhere except North America and Western Enrope. The new engine, which can use many types of vegetable oil including soyabeau, rapeseed, sunflower seed, eccount and palm, consumes 25 per cent less fuel than a conventional diesel engine and does not

require a radletor or fau. Applications include cars, agricultural and construction machinery. Probably the largest market for the engine is in Asia and South America where there is a plentiful supply of vegetable oil but

# Memories

# **NEC** to launch **CMOS Ram**

NEC NEXT month will start selling a 64K dynamic random access memory fabricated in CMOS (complimentary metal oxide semiconductor).

The company says it has overcome the technical difficuities of expanded memory capacity using CMOS and plans to produce 150,000 chips n month from October 1983 to March 1984, after which the production rate will go up to 500,000 a menth. No prices have been revealed.

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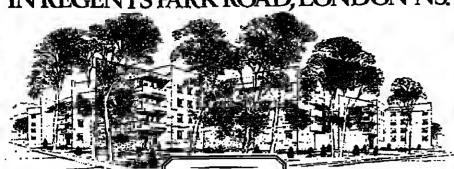
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"Secretariat du DAT" (Secretariet of the Supplies end Transport Department) at the above address. The outer envelope should be completely anonymous, beering no company insignia, and stating simply "APPEL D'OFFRES INTERNATIONAL NUHERO 0293-1K — CONFIDENTIEL — A NE PAS OUVRIR" (International Cell for Tendera Number 0293-1K — Confidential — Do not open). Tenders should be sant to arrive by 12.00 hours on Saturday, 8 October 1983, at the very latest. Selection will be made within 180 days from the closing date of this Call for Tenders.

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At the said Mortings the following Resolution will be priported:—

At the said Mortings the following Resolution will be priported:—

"That the Scheme of Arrangement Resolution will be priported:—

"That the Scheme of Arrangement Resolution will be priported:—

the Company and rif the holders or the Ordinury Shures of 100 each other

than those beneficially owned by Guilleer Vintures Limited and 121 the

holders of the 10 per tent Convertible Unsecuted Loan Stock 1007 resectively

of the Camouny is copy of which has been preduced to this meeting and

the same is hereby approved sed the divectors of the Company be and

are hereby asthorised to take and to toncor in all, stems necessary for

Carrying the same into effect."

The said Ordinary Shareholders and 10 per cent Convertible Unsecuted Loan

teckholders may vote in goes on it such of the said meetings so they are entitled

a detand or they may uppoint unother person whether a member of the class

not as their proxy to attend and vote in their stead. It is evenuested that

rims appointing graxies for each of the said Meetings should be lodged with

ce Company's Registra's, The Royul Bunk of Scotland cic. Registra's Depart
enter 10. But 27. 34 Fetter Row. Edinbergh, EHS 6Ur not later than 82 hours

force the time appointed for the Said Meetings but it forms even not so lodged

on the Case of joint holders of Ordinary Shares or 10 per cent Convertible.

names stain in the Register of Members of Loan Stock Holders as the Case

only December of the said Scheme of Arrangement and of the Circular excitaining
the effect of the said Scheme and containing the Excitantory Statement required
to Section 207 or the Communies Act 1046 may be obtained by any such
bolder of Ordinary Shares or of the Loan Stock upon application to the Combarry's Registrier, The Rovel Bank of Scotland pit, Registrier's Desurtment.
P.O. Boe 27, 14 Fertes Row. Edinburgh EH3 BUT and copies thereof may
be insported at the offices of Messers. Markobert Son & Hestnison. OI West
George Street. Blassow CZ 12, during normal business hours.

George Street. Blassow CZ 22, during normal business hours.

Whom fairling san Rows Glabone whom tuiling Ellis Mutrim Goodmun to act us
Chairman or each of the said Meetings and has directed the Chairman to report
the result of the said Meetings to the Court. The Laid Scheme of Arrangoment
will be subject to the subsequent upproval of the Court.

the result of the sale meaning to the court.

THE SCREDULE

Particulars of Meeting ordered to the appointed for Meetings on the the conversed to the Ordinary Shares other than those beneficially owned by Gulliver Virunes Limited.

Z. Holders of the to ser cent Convertible Unsecored Lean Stock 1997.

O.K. BAZAARS (1929) LIMITED South Africal NOTICE TO PREFERENCE

By Order of the agend J. S. PARNALL, Secretary.

S. G. WARBURG & CO. LTO... announce that the redemption instalment of Notes cue 15th October on nominal sales of US\$5.000 000 has been met by our chases in the market. Notes 000.000 mg/mail amount of Notes will smuth guistanding siter 15th October, 1985. 15th October. 1993 30. Gresham Street. London, EC2P 2EB 14th September, 1983

# COMPANY NOTICES

NOTICE IS MERESY SIVEN that the indermentionness is a superior distinct the indermention of the Republic of South Article to a 130 September 1903. In the currency of the Republic of South Article to all holders of the respective clusses of the september 1903. In the currency of the september 1903. In the currency of the september 1903. September 19

Resistered Office: O.K. Buildings. 80 Elon Street. Johannesburg. 2001. London Registroris: Hill Samuel Registroris Limited. 6 Greencost Piera. London, SWIP 10L. 13 September 1993

TORAY INDUSTRIES, INC. US\$30,060,000 75% Guarantees Notes 1984

AMALGAMATED DISTILLED PRODUCTS PLC

1937 respectively of the Combany of the or without angidination to the Scheme of Arrangement as primed in Appendix Angion and the Scheme of Arrangement as primed in Appendix December 1931, the Court of Seasion has ordered by Interlocutor dated 8th Sentempor 1931, the Court of Seasion has ordered by Interlocutor dated 8th Sentempor 1931, the Court of Seasion has ordered by Interlocutor dated 8th Sentempor 1931, the Court of Seasion has ordered by Interlocutor dated 8th Sentempor 1931, the Court of Seasion has ordered by Interlocutor dated 8th Sentempor 1931, the Court of Seasion has ordered by Interlocutor dated 8th Sentempor 1931, the Seasion Sea

MACKOBERT SON & HUTCHISON 91 West George Street Gusgoet G2 194 Solicitors to the Comouny

BRAZILIAN INVESTMENTS Sociedade de Investimento Oecreto Lei No. 1401 Holders of International Depositary Receipts issued by MORGAN BUARANTY TRUST COMOANY OF NEW YORK Since 1st Audost 1083 ell foreign currency operations formerly under the control of commercial banks have open centralised at the Stazillao Central Bunk. Authorisation to rumit lunds abroad will depend on the avuilluints and the control sank.

Funds covering reademptions end sividence in the commit course of the control Bank. In crossicial the U.S. dollar rate fixed at the close of business on the duta of doposit until the Brutillian monetary authorities ellow remittance of the said funds in the relevant forcien currency.

Commercial banks therefore are oresently unuse to inform their clients as to when unity remittance of forcion currency abroad is likely to take place.

REPUBLIC OF ICELAND 8:% 1973:1988 UA 12,000.000 Single for the omeant of UA 130,000 nave been streen on August 30, 1985 in the presented of a freezy Public for The following Boods will be re-limbursed coupon Bue October 24, 1983, 1984 and following Boods will be re-limbursed coupon Bue October 24, 1984 and following attached: 0745 to 9753 incl. 0745 to 9753 incl. 0757 to 9916 incl. 9813 und 9810 9822 and 9923 0931 Ib 0887 incl. Amount outchased. UA 380,000. Amount anamorized: UA 8,580,000.

The Fiscal Agent KREDIETZANK S.A. LUXEMZOURGZOISE Lucembourg September 14, 1885,

# **APPOINTMENTS**

# Managing director for **Babcock International**

east regional managet for Dan-loss has been appointed group sales director of MAINMET HOLDINGS and its subsidiary companies, His initial efforts will he directed at Savaflush-producer of the first electronic flush control system which is claimed to reduce urinal water consumption by up to 90 per cent in properties where water is

Mr A. D. Balcombe, a director, bas been appointed chairman of ARMOUR TRUST.

Mr Timethy S. Jooes has been appointed group financial controller of TRIDENT TELE-VISION.

E. TURNER & SONS, Cardiff, has appointed Mr D. B. Lockyer to the board. He is company secretary. Mr K. M. Baker has been appointed managing director of DURR, Warwick. He was previously managing director of Precision Gear Machines and Thols, and Red Ring Machine Tools.

Mr Robert D. Walter has been Mr Robert D. Walter has been appointed joint managing director of ULTRAMAR GOLDEN EAGLE. UK markeling subsidiary of the Ultramar Group. Mr Edward C. Hall, joint managing director, has been transferred to American Ultramar Iollowing acquisition of Pitston Petroleum, a 90,000 barrel per day marketing operation in the north east of the U.S. Mr John F. Auid has been appointed deputy macaging director of

deputy macaging director of Ultramar Golden Eagle, Mr Walter was previously vice-president, finance, of American Ultramar, He was also responoil futures trading subsidiary which trades on the New York Mercantile Exchange.

Merrantile Exchange.

Mr Jeffery Wilkins, managing director of Pollastrip, the Bristolbased maoufacturer of PVC strip doors and filtings, has been appointed to the main board of POLLARDS OF LONDON. He continues as managing director of Pollastrip and also takes responsibility for Pollaforce, the Pollards Group's national industrial door maintenance and repair organisation.

Mr Frank L. Simpson has been appointed managing director of HENRY BOOT BUILDING. Mr Donald H. S. MacArthur, former managing director, is now chairman of the company.

president of the INSTITUTE OF MANAGEMENT SERVICES. Mr Bob Bayley, distribution services manager for Blrds Eye Wall's, has been elected chairman, and Dr Trevor Bentley, managing director of CNJ Systems, deputy

BIX International Services has appointed Mr Chris Chessum as appointed ar Chris Chessum as director of sales and marketing of BIX, the operating company based at Cradley Heath in the West Midlands. He joined the company io 1976 as manager of BIX Continental BV in Rotterdam, Holland.

AND INVESTMENT. TRUST has appointed Mr Hugh R; Jenkins appointed Mr Hugh R; Jenkins as a non-executive director. He is director-general of invest-ments of the Mattonal Coal Board the following appointments become effective October 1. Mr Peter R. Fyson (presently managing director. Compair International) becomes executive director.

AND INVESTMENT. TRUST has appointed Mr Hugh R; Jenkins director. He is also a non-executive director. He is also a member of the Property Peter R. Fyson (presently managing director. Compair International) becomes executive director.

AND INVESTMENT. TRUST has appointed Mr Hugh R; Jenkins director. He is director-general of investments of the National Coal Board Pension Fund. He is also a member of the Property Advisory Group to the Department of the Environment. tor. group headquarters; Mr Robert Boss (managing director, ComAir France) becomes man-Robert Boss (managing director, over the terminal division of ComAir France) becomes man-aging director, CompAir Europe, new company is Mr Robert responsible for group companies Mountain.

Mr Michael R. Hoffman will join BABCOCK INTERNAJohn B. McGrath (managing director, Compair Construction and Mining) becomes managing director designate to take over from Mr T. Cartile when he reaches retirement age in February 1984. Mr Hoffman was president of the form and industrial machinery division of Missey Ferguson in Toronio. Before moving to Canada in 1980 he was chairman of Perkins Engines, Peterborough.

Mr Chiln Steel, formerly north cast regional managet for Danloss has been appointed group sales director in MAINMET HOLDINGS and its subsidiary Mr Michael R. Hoffman will on the Continental mainland; Mr

Letten. STATE BANK OF NEW SOUTH WALES has made the following appointments at the London branch: Mr Reham Court-London branch: Mr Rehan Court-oey, cheef manager; Mr Neil Moore, assistant chief manager; Mr Stuart Mackensie, senior manager, administration; and Mr Michael K. Walker, senior manager foreign exchange and treasury.

Mr John P. Hawkins has been appointed managing director of BENDIX, Bristol-based manufacturer of beavy goods vehicle air braking systems and equipment. Mr Hawkins, who succeeds Mr

Mr John A. Fox, formerly chief executive of GKN Hardware distribution division, has been appointed a director of SPONG HOLDINGS. He females a non-executive director of Valor Heating.

MAIL, Mr MacLennan joined the newspaper in April 1979 as production manager and was promoted to chief production manager in January 1962. He succeeds Mr Jack Ferguson who was promoted to production director of Mirror Group Newspapers in London.

DON) has appointed Mr T. J.
Purton to the board. He has
been with the company for
many years as accountant and

Mr H. I. Stebbins, deputy chief representative in Europe of the RESERVE BANK OF AUS-TRALIA, is returning to Aus-tralia and will be succeeded by Mr L. J. Austin.

Sir Heury Chilver, vice-chan-cellor of Cranfield Institute of Technology, has been re-elected director of NEIL & SPENCER president of the INSTITUTE OF HOLDINGS from Novembet 1 to enable him to pursue his family business interests. He will remain on the board as a non-executive director. Mr H. Fayers, at present a director of The Cole Group, has joined the board of Neil & Spencer and will become group finance and administration director on November 1. Mr P. K. Studner is returning to the U.S. to resume his business career there

> Spencer Holdings. The STOCK CONVERSION AND INVESTMENT TRUST has

RTS TECHNOLOGY has taken

# BASE LENDING RATES

Allied Irish Bank ..... Amro Bank ...... Henry Ansbacher ..... Arbuthnot Latham ... Baok Hapoalim BM ... BCCI BCCI 919 Bank of Ireland 919 Bank Leumi (UK) plc 919

National Girobank 91%
National Westminster
Norwich Gen. Tst. 91%
P. S. Refson & Co. 91%
Roxburghe Gueractee 10 %
Royal Trust Co. Canada 91%
Staodard Chartered 91%
Trade Dev. Bank 91% Trade Dev. Bank ..... TCB 94%
Trustee Savings Bank 94%
United Bank of Kuwait 94%
United Mizrahl Bank 94%

. Vv\_1

Mr Alex Fletcher. Minister responsible for Corporate and Consumer Affairs in the Department of Trade and Industry, has appointed three new members to the NATIONAL CONSUMER COUNCIL. They are Mr Bryan Beckett. Mr John Mitchell and Mr Stuart Thom. Their appointments began on September 1 and will last until April 30 1988.

Jim Merrilees, who recently retired, has been assistant managing director for the past six months.

Mr Murdock MacLennan has been appointed production director of the SCOTTISH DAILY RECORD AND SUNDAY

ALLIANCE SHIPPING (LONcompany secretary.

and has resigned as a non-executive director of Nell &

Hambros Bank 91%
Heritable & Gen. Trust 91%
Hill Samuel \$91%
C. Hoare & Co. 191%
Hongkong & Shanghai 91%
Kiogsnorth Trust Ltd. 11%
Knowsley & Co. Ltd. 10%
Lloyds Bank 91%
Mallinhali Limited 91%
Edward Manson & Co. 101%
Midland Bank 91%
Morgan Grenfell 91%
National Bk. of Kuwait 91%
National Girobank 91%
National Westminster 91%
Norwich Gen. Tst. 91%
P. S. Refson & Co. 91% 9½% ■ Hambros Bank Armco Trust Ltd. .... 91% Associates Cap. Corp. 91% Banco de Bilbao .... 91% Bank Leumi (UK) plc 91%
Bank of Cyprus 91%
Bank of Scotland 0 91%
Banque Belge Ltd 91%
Banque Belge Ltd 101%
Barelays Bank 91%
Beoeficial Trust Ltd 101%
Bremar Holdiogs Ltd 91%
Brit Bank of Mid East 91%
Brown Shipley 10 %
CL Bank Nederland 91%
Canada Perm't Trust 101%

Bril Bank of Mid. East 91%
CL Bank Nederland 91%
Castle Conri Trust 101%
Castle Conri Trust Ltd. 10%
Cayzer Ltd. 91%
Cedar Holdings 10%
Charterhouse Japhet. 91%
Choulartons 101%
Clitibank Savings 1101%
Clitibank Savings 1101%
Clydesdale Bank 91%
Comm. Bk. of N. East 91%
Comm. Bk. of N. East 91%
Consolidated Credits 91%
Cooperative Bank 91%
Coo

Wednesday September 14 1983

Comex records for silver and copper, Page 38

### WALL STREET

# Gentle glide to safer altitudes

A MORE settled flight path was re-established on Wall Street yesterday, al-beit still downward for much of the day, after the turbulence of the previous session disrupted an ascent to peak levels, writes Gordon Cramb in New York.

The Dow Jones Industrial average closed 4.98 off at 1,224.09, with trading volume of some 74.1m shares down from Mnnday's 114.02m hut with a bigger proportion of stocks in the broader market registering declines. Yesterday 540 rose and 1,043 fell against the previous day's ratio of 816 to 842.

News of a fall in August retail sales, a sign that credit demand would not fuel rate rises, brought a % point upward blip in bond prices at the long end. But dealers said the thin market was unable to sustain the rise, and quotations fell back again to a half-point or so below over-

The drag on both equity and bond prices was the pending Treasury fund-ing programme over the next week. An auction today will offer \$8bn in two-year notes, and the authorities announced after the official close that a further \$14.25bn in longer-term paper would be

1979

**NEW YORK** 

DJ Industrials

DJ Transport

DJ Utilities

FT Ind Ord

FT-A 500

FT Gold mines FT Govt secs

FT-A Ind

TOKYO

**度以花** 

LONDON

STOCK MARKET INDICES

1224.09

561.05

445.30

480.28

431.25

674.2

1960

1961

918.69

115.22

357.71 395.89

365.68

77.45

Previous Year ago

1229.07

566.15

132.23

451.86

488.65

437.80

694.5

80.82

1302

DM

**TUOS** 

U.S. DOLLAR

2.6605

Sept 13 Previous

2.679

FT-Actuaries All-Share Index

Securities house analysts nated that the bond market was not following through its impressive gains of last Fri-day, achieved on the back of a welcome contraction in U.S. money supply. The key Federal Funds rate fur interbank lending, at 9% per cent yesterday against an average for the prior session of 9.40, had not shown any decline clear enough to reflect an easing in Federal Reserve policy.

Reserve policy.

One analyst – while forecasting a rise. in the M-1 measure this week at the low end of expectations at less than \$3bn, still well within target range – warned that this would not necessarily help the stock market. A likely concomitant of a monetary slowdown would be a less distinguished growth in corporate earnings next year.

As far as the bond market was concerned, he said, Friday's "excess of opti-mism" had since been "restrained hy reality."

Meanwhile, alarmist rumours that the Fed bad got its sums wrong merely brought distress to some stock investors and hargains to others on Monday.

For stocks in the securities firms themselves, yesterday brought little cheer after Monday's sell-off on lower profit projections. Merrill Lynch, volume leader for the second day, eased a further \$% to \$37%, as did Phibro-Salomon at \$28.

Annual figures from Macy, the department store group, failed to impress and its stock slipped \$\% to \$49\%. Sears shed

Retailers and manufacturers of consumer goods would emerge worst from a sales tail-off,

7250

1200

FT-Industrial Ordinary

Index (30-Share)

August September

STERLING

1,5025

Sept 13 Previou

1.494

4.015

KEY MARKET MONITORS

# Of the airlines UAL, which forecast a third-quarter profits drop, came down \$% to \$28%. AMR Corporation, holding company for American Airlines, fell \$% at \$28% despite being cleared on price fixing charges and despite a strong recommendation from Goldman Sachs to huy at up to \$33 on its "important progress" in controlling costs. Chrysler, which successfully recouped

14.4m of its own warrants from the Treasury at \$21.802 each, came down \$1/1 to \$29% in line with a weaker motor sector. Signal Companies, the conglomerate set to raise up to \$150m from the sale of 6.5m Diamond Shamrock shares, none-theless dipped \$\% to \$38 while the ener-

gy group was \$% down at \$24%. One of the day's better gains came from Paradyne, the data communica-tions equipment concern which was reportedly nearing accord with the Securi-ties and Exchange Commission on an allegedly fraudulent Federal contract

bid. It picked up \$1% to \$20%. National Intergroup, the former National Steel renamed yesterday to reflect the company's diversification, had an uncomfortable debut with \$1% slide

The credit markets drifted weaker than their overnight levels, with the three-month Treasury Bill at 9.06 and its six-month counterpart at 9.15 per cent, each discounted two basis points firmer than Monday evening's auction aver-

The 12 per cent bond due in 2013 dipped 16/22 in price to 1036/22. Dealers in the corporate sector said the market was quiet but edgy ahead of the Fed's financing exercise.

### LONDON

# Uncertainty in wake of reversals

CONDITIONS in London equity mar-kets turned extremely dull and uncer-tain yesterday following the totally un-expected overnight reversal on Wall

Confused dealers received selling orders before the official 9.30am opening and consequently marked leading shares down sharply. An attempted raily petered out and the FT Industrial Ordinary index closed 12.1 down at the day's lowest of 695.8.

In contrast to Monday's buoyancy, gilts drifted gently lower, digesting the turn of events in America and the terms of the new £1bn short-dated tap stock, 10 per cent Treasury 1987. Compared with ues, bowever, u with losses limited to 1/4 to 1/4.

The recent high-flying Australians ran into heavy profit-taking in overnight domestic markets and in New York and were marked down accordingly in London at the opening. Details, Page 33, Share Information Service 34-35.

# **AUSTRALIA**

MINING stocks suffered badly in Sydney as Monday's sharp reverse on Wall Street took investors by surprise.
The All Ordinaries index slid 5.6

points to 731.1, with the metals and minerals component surrendering 9.5 to

A stronger Australian dollar was also said to have burt shares of mining groups, whose export revenues decline when the currency firms. BHP fell 20 cents to A\$12.50, Bougainville 14 cents to A\$2.68, MIM 13 cents to A\$4.35 and CSR 7 cents to A\$4.35, although CRA closed steady at A\$8.30.

# SINGAPORE

A BLEND of buying interest and profittaking left prices mixed in quiet trading in Singapore yesterday. Most operators remained on the sidelines in the general lack of trading enthusiasm, but the Straits Times index gained 3.32 points to close at 978.02. Losers outnumbered

Banks were unchanged or lower, but commodities showed strength

# **HONG KONG**

THE continued weakening of the local currency against the U.S. dollar sent prices sharply lower in early trading in Hong Kong. But a partial recovery late in the morning continued until the close. when the Hang Seng index stood at 908.28, off 4.86, after a 7.38 loss at one

# **SOUTH AFRICA**

STRONG selling pressure developed yesterday in Johannesburg as the bullion price plunged, resulting in sharply lower gold shares. Losses up to R5 were encountered as

with heavyweight Vaal Reefs at R145, while cheaper priced producers shed up to R1 such as Unisel at R17.

# CANADA

A SOURING of New Ynrk sentiment spilled over into Canadian stocks yesterday with both Thronto and Montreal generally lower hy mid-session.

Metals and minings showed the heaviest losses in Toronto, with golds and oil and gas issues also encountering price

### TOKYO

# Blue chip speculators sell out

SPECULATORS, discouraged by the unexpected plunge on Wall Street, sold blue chips in Tokyo yesterday, pushing

the Nikkei-Dow average down 55.80, writes Shigeo Nishiwaki of Jiji Press.

The 255-issue market barometer dipped below the 9,300 mark to finish the day at 9,299.33 nn volume of 258.42m shares, up from Monday's 252.10m. Losers outnumbered gainers 396 to 241, with 205 issues unchanged.

Bond prices dropped as investors became wary of recent rapid price gains.

Speculators bought blue chips and speculative issues on Monday on the expectation that the steep decline in U.S. M-1 money supply announced last week-end would push share prices up in New York. But as prices dropped contrary to expectation, they turned to unloading

hive-chip stocks yesterday.
Sony plunged Y80 to Y3,710, TDK Y80 to Y5,340 and Matsushita Electric Industrial Y40 to Y1,860.

Fujisawa Pharmaceutical came under a barrage of massive selling on reports that an executive bad been arrested on charges of illegally obtaining confidential data on drugs developed by other companies from an official of the Health and Welfare Ministry. It lost Y80 to Y940.

This, together with investors' fear that the combined margin buying balance on the Tokyo, Osaka and Nagoya ex-changes, announced after the close of the market, would swell further, wors-ened the undertone of the market.

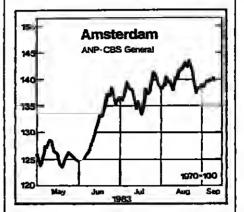
The margin buying balance as of last Friday actually increased by ¥27bn over the preceding weekend to ¥2,412.4bn, scoring an all-time record for the third week in a row. The selling balance came to ¥276.2bn, up ¥2.2bn.

Amid the debacle of blue chips, Aoki Construction registered its maximum gain permitted for a single day of ¥59 to reach ¥1,050. Other speculatives also rallied, with Teikoku Oil adding ¥8 to ¥793 and Penta-Ocean ¥8 to ¥345. Mitsubishi Heavy Industries rose Y6 to Y244

and Kawasaki Heavy Industries Y5 to

Bond yields shot up despite slower selling. The yield drop of last week led investors to take profit yesterday and some major securities houses liquidated their swollen holdings.

Yield on 7.5 per cent government bonds with 9% years to maturity went up from 7.885 per cent on Monday to 7.93 per cent. That nn 7.7 per cent government bonds with 81: years to maturity climbed from 7.54 to 7.59 per cent.



### **EUROPE**

# Search for a positive pointer

MONDAY'S surprise turnround in Wall Street prices left bourses searching for a new direction yesterday and, unable to find anything more positive than the dollar's renewed strength, they lan-guisbed for the most part in thin and trendless trading.
Fears that U.S. money supply will dis-

play an unhealthy bulge in coming weeks proved an added depressant in Frankfurt, where prices slipped across the board in light turnover.

The Commerzbank 60-sbare index reflected the easier tone, slipping 7.7 points to 921.1.

Motors traded confidently at first but then weakened, with Daimler finishing DM 3.20 off at DM 569.50 and VW DM

2.70 lower at DM 216. BMW hung on at

Deutsche Bank led a general decline in banks with a DM 8.90 slide to DM 300, while Commerzhank eased DM 2 to DM 167.50 and Dresdner DM 1.50 to DM 169.

Wnrries about U.S. mnnetary expansion wiped nut much of the previous day's gains in the domestic bond market, with public authority bonds losing around 0.25 of their 0.40 improvement. The Bundesbank aimed to level yields with a sale of DM 6.1m of dnmestic pa-per in the market, against DM 98.1m on

Monday. Concern that Belgium's rail strike might spread to the entire public sector. testing the Government's austerity programme and putting new pressures on the franc, sent prices sharply lower in

Equities sagged in all sectors except holding companies, which were mixed, with Societe Generale BFr 55 easier at BFr 1880 but Finoutremer BFr 38 ahead at BFr 1498 and Sofina up BFr 10 at BFr

4990. Steel issues were hard hit, Arbed slipping BFr 10 to BFr 1388 and Cockerill BFr 1 to BFr 163 after Belgian and Luxembourg officials broke off talks aimed at establishing closer production links

between the two groups.

Oil stocks led the retreat as Paris prices surrendered the gains of the past two trading days, Esso plunging FFr 13 to FFr 300. Overall, falls outnumbered

gains by almost four to one. Insurance issues were the only bright spot in Amsterdam, where Ennia soared another FI 9 to FI 171 on prospects of a merger with Ago Holding. Other insur-ers followed the trend, with Amev 50 cents up at FI 126.

A cautious attitude prevailed in Zurich in the face of Wall Street's decline and the stonger dollar. Prices were little changed and dealers said the market seemed to have stalled in the absence of a clear new indication on interest rate

direction.
In Milan, prices closed generally easier as end-account liquidation met little buying interest. The weak tone also reflected dissatisfaction at the failure of Monday's cabinet meeting to decide on measures to support the stagnating in-

dustrial sector. Madrid prices reversed the general European trend, rising in quiet trading to push the bourse index 1.42 points forward to 115.71. Banks scored particularly good gains, but chemicals and electricals were also strong.

FINANCIAL TIMES CONFERENCES

# The Financial Services Revolution **Banks and Non-Banks** in the 1980's

London: 24 & 25 October 1983

The Financial Times is pleased to announce this major conference on The Financial Services Revolution. With many leading figures present from both sides of the Atlantic, this conference will be a major occasion for appraisal, re-appraisal and debate on the future. Speakers will include:

Mr Leland S Prussia **Bank America Corporation** Bank of America NT & SA

The Hon Jacob Rothschild J Rothschild & Co Ltd RIT & Northern plc

Mr Russell E Hogg Mastercard International Inc

Mr James T Larkin American Express Europe Ltd

Mr Donald G Conrad Aetna Life & Casualty

Senator Jake Gam The US Senate Banking Housing & **Urban Affairs Committee** Dr Eckart van Hooven

Deutsche Bank AG

Mr C T Conover Comptroller of the Currency Administrator of National Banks, USA

Mr J A Brooks Midland Bank plc Mr Thomas J Lyons

J C Penney

### 9355.13 7073.93 Nikkel-Dow 687.63 531.28 Tokyo SE 685.65 AUSTRALIA 731.1 All Ord. Metals & Mins 603.8 613.3 399.8 AUSTRIA 55.13 48.84 Credit Aktien 55.15 BELGIUM 132.08 133.14 Belgian SE CANADA Toronto Composite 2575.4 1602.1 2560.6 Montrea Combined DENMARK Copenhagen SE 204.47 n/a 84.79 FRANCE CAC Gen 144.6 113.1 and. Tendance 310.42 312.85 221.77 FAZ-Aktlen Commerzbani HONG KONG 910.92 1080.37 Hang Seng ITALY 199.81 Banca Comm. NETHERLANDS 140.5 112.5 ANP-CBS Gen 112.6 ANP-CBS Ind 68.0 HORWAY 210.8 211.38 104.44 Oslo SE SINGAPORE 978.02 974.7 629.37 Straits Times SOUTH AFRICA Golds Industrials SPAIN 115.71 114.29 102.26 Madrid SE 1504.74 1500.38 622.06 SWITZERLAND 337.1 338.2 248.3 Swiss Bank Ind Sep 12 WORLD 180.0 180.1 134.2 Capital Int'l GOLD (per ounce) Prev \$414.375 \$406.875 \$406.75 London \$416.00 Frankturt \$407.50 \$407.08 \$417.50 Silver (spot fixing) \$419.59 Copper (cash) Pans (twing) \$407.25 Luxambourg (fixing) Coffee (Sept) Oil (spo! Arabian light) New York (Sept) indicates latest pro-close figure

FFr 8.06	8.0125	12.075	12.035
SWFF 2.17	75 2.163	3.255	3.2525
Guilder 2.9	29765		4.475
Lira 1599	.5 1589.5	2390.5	2388
BFr 53.97	53.46	80.65	80.35
CS 1.232	25 1.23075	1.8405	1.849
	MTEREST R	ATES	
Euro-current	ies	Sept 13	Prev
(three month o	ffered rate]		
	_	917/4	9%
SwFr		4%	4714
DM		574	51710
		15	
FFr			15
FT London In	torbenk fizi	ng	
(offered rate)			
3-mon	th U.S.\$	10	91714
6-mon	th U.S.\$	10%	10%
U.S. Fed Fun		9 %	9%
U.S. 3-month		9.50	9.50
			9.98
U.S. 2-month	1-04112	9.05*	3.00
	U.S BON	14	
	J.3 DUN		
Treasury	Sept 13		rev
	Price	Yield Pric	e Yield
10% 1985	0036- 1/	0.71 99%	10.65
1076 1900	00 702 11	1.53 96"4	11.47
10% 1990		1.33 30 4	5 11.41
11% 1993	10123/2 1	1.57 1012%	11.54
12 2013		1.61 1032%	
Corporate	Sept 13	_	rev
T & TA		field Price	e Yield
10% June 1990	93.93' 11.	70 94.1	5 11.65
3% July 1990		55* 583	6 10.50
9% May 2000	75%* 12	25' 757	12.15
Xerox			
		-	
10% March 199		90. 3	3 11.88
Diamond Sharr			
10% May 1993	90%* 12.	26* 919	12.15
Federated Dep			
10% May 2013		001 40 4	5 87.802
	12.15 6/.8	UZ" 12.18	07.002
Abbott Lab			
11.6 Fab 2013	12.20' 96.7	89* 12.2	96,789
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Mr Charles Russell Visa U.S.A. Inc Mr Mark Weinberg Hambro Life Assurance plc Visa International To: Financial Times Limited, Conference Organisation, The Financial Minster House, Arthur Street, London EC4R 9AX. Tet: 01-621 1355 Telex: 27347 FTCONF G Cables: FINCONF LONDON Services Revolution Please send me further details of 'Tha Financial Services Revolution' confarence. A FINANCIAL TIMES CONFERENCE in association with THE BANKER

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# EASTERN EUROPE

On track towards financial recovery

THE OCTOBER ISSUE OF THE BANKER WILL BE DISCUSSING THE SIGNIFICANT FACTORS WHICH ARE CONTRIBUTING TOWARDS EASTERN EUROPE'S FINANCIAL RECOVERY AND THE PART WESTERN BANKS AND OTHER INSTITUTIONS ARE PLAYING IN THIS SUCCESS

BANKS AND FINANCIAL INSTITUTIONS WISHING TO DEMONSTRATE THEIR COMMITMENT TO THE EAST EUROPEAN BANKING, TRADE AND FINANCIAL SECTOR ARE INVITED TO ADVERTISE IN THIS IMPORTANT OCTOBER REPORT.

For further details please contact: THE MARKETING DIRECTOR THE BANKER 102 CLERKENWELL ROAD, LONDON, ECI Tel: 01-251 9321 Telex: 23700

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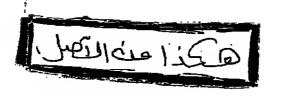
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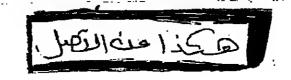


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# WORLD STOCK MARKETS

WORLD STO	CK MARKE	E18			
AMERICAN STOCK EXCHANGE CLOSING PRICES	CANADA DE Stock Sept. Sept.	DENMARK Sept. 13 Price + or	NETHERLANDS Sept 15 Price + or	AUSTRALIA Sept. 15 Price + or	JAPAN (continued)  Price + or Sept. 15 Yen
Bart in der Bereicht der Anterstein der State der Bereicht der State der Bereicht d	Agnico Engle	### Side	## AGF Holding	CSR   4.85   .0.01	Ronistaroku
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### MARKET REPORT

# Leading shares sharply lower on Wall Street influences

Account Dealing Dates
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Sept 5 Sept 15 Sept 16 Sept 26
Sept 19 Sept 29 Sept 30 Oct 10
Oct 3 Oct 13 Oct 14 Oct 24

"" New-time" dealings may take
places from 9.30 am two business days
earlier.

In complete contrast to Mon-day's buoyancy, Gilts drifted lower digesting the turn of events is America and the terms of the new fibn short-dated tap stock, 10 per cent Treasury 1987. Compared with equities, how-ever, the tone beld steady with losses limited to 1 after Monday's gains stretching to nearly two

Gold shares turned weak with the FT Gold Mines index drop-ping 20.3 to 674.2 in sympathy with a fall in the gold bullion

Gilts hold steady—Golds turn weak

The conditions in Loodon equity markets turned extremely dull and uncertain yesterday following the lotally unexpected overnight reversat on Wall Street which bad earlier in the seasion broken through to a record high. Monday's eventual seas-11 point fall in the Dow Jones index reflected doubts about the recest contraction in U.S. money growth and this in turn caused early consternation is Throgmorton Street.

Confussd dealers received selling orders before the official, 19,30 am, opening and consequestly marked leading shares down sharply. This took the 10 am FT industrial Ordinary ahare index below 700 for the first time since mid-July. Enables the index lattered ont and advices that Wall Street had started lower agais yesterday left the index 12.1 down at the slay's lowest of 1858; this is 8 per cent off lists mooth's all-tims high and takes the index back to July 19.

The Governmeet's pesding 5000m sale of BP shares was oversbadowed as 2 market factor but reports of official opposition to BP's plan to auction 25 per ceet of its North Sea Forties field interests left the shares 14 down at 4220. Falls is other index coestituents were usually limited to 8.

Elsewbere, 8 lengthy list of company trading statements provided enough interest to keep dealers on their toes. In response to better-than-expected interim profits, Bowater was ose of only two index stocks to improve. The takeover sector was featured by Crystalate fulfilling expectations by bidding for Royal Worcester.

In complete contrast to Monday's buoyancy, Cilits drifted

Garnar Booth good

Cheapened 10 to 585p, while revived offerings left Cable and Wireless down 12 more at 470p.

Spencer, 7 lower at 200p, and Gassies A, 13 down at 497p.
Habitat gave up 8 at 274p and Milletts Leisure closed similarly easler at 157p. Home Charm larly easler at 157p. Home Charm touched a 1983 high of 132p in response to the loterim statement before slipping to close a shade firmer at 473p swaiting todzy's interim figures.

Leading Engineers drifted lower, but losses were usually limited to a couple of pence. Secondary issues were featured by 5 fell of 6 to 118p in S. W. Farmer in response to lower smaller-priced issues, Bambers stores dipped to 11p prior to being suspended at 12p; Mellins, which bas a stake in the company, announced that the Bambers' board had informed it tails of the Goring Kerr offer for 55le and closed 14 off at the

FINANCIAL TIMES STOCK INDICES

Fixed Interest....... 83.11 83.08 82.42 82.38 82.32 82.24 78.54 Industrial Ord........ 695,8 707,8 704,8 713,3 718,4 714,5 585,7 Ord. Div. Yield 4.88 4.82 4.83 4.73, 4.78 4.74 8.01
Earnings, Yid. & (luit) 9.77 8.59 8.55 9.51 9.56 9.55 10.95 P/E Ratio (net) (\*)..... 19.75 12.95 12.99 13.11 13.02 13.04 11.01 Total bargains. ..... 19,744 12,184 12,020 18,730 18,290 17,815 15,458 Equity turnover Em. - 180,32 180,59 213,00 953,75 914,54 140,52 Equity bargaina.... - 16,115 14,476 14,997 15,535 15,165 12,896 Shares traded (mt)... - 128,9 191,2 127,3 981,5 123,7 99,3

10 am 697.5. 11 am 699.2. Noon 696.5. 1 pm 696.5. 2 pm 699 2. 3 pm 696.5. 8esia 100 Govt Secta 15/10/25. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10-38. SE Activity 1974. Latest Index 01-246 8026.

į.	19	<b>83</b>	Singo Co	mpilet'n	;	Sept.	Sept
	High	Low	Nigh	- Law			•
Govt. Secs	83,50 (15:6:	77.00 (24,1):	127.4-1	(\$4147E)	- 9eily Gilt Edged Bargoine Equities	152.7	157.
Fixed In t	84.74 115/6	79.03	(28/11/47)	00.53	Value	104.4 384.2	23. 385.
Ind. Ord	740.4	598,4	740,4 (		Git-Edged	148.1	142.

Leading Electricals encountered selling at the outset, but tended to rally in places with GEC settling only 3 cheaper at 195p. BICC were noteworthy for a fall of 7 to 226p and Racal also stood out at 22p, down 11 Ferranti, a good market of late, cheapened 10 to 585p, while revived offerings left Cable and Wireless down 12 more at 470p. George H. Scholes, in contrast, closed a shade firmer at 473p to waiting today's interim figures.

Leading Engineers drifted

The Banking sector tended to resist the surrounding weakness and .09ly Standard Chartered, down 8 at 445p, recorded 2 noticeable loss. Elsewbere, Mercury Securities rose 15 to 445p on business effected late on Monday.

Awaiting today's respective interim statements, Eagle, Star sellpaped 7 to 438p and Legal and General 10 to 472p Other Insurances to sustain doublefigure losses included Pearl, at 705p, and Sun Life, at 550p. Among Brokets, Willis Faber rose 10 to 548p following good balf-yearly figures, but Trade

terim profits metched market estimates, but the shares closed a peroy off at 126p; the Reuters flotation details are expected

the best this year of 41p.

Resiliest recently, Properties failed to escape the overall malaise yesterday. Land Securi-

Royal Worcester were coofirmed when Crystalaic yesterday

Estate lost the turn to 110p despite the satisfactory interim performance, while the increased preliminary profits and divideod failed to excite Imry, which shed \$10.285p.

failed to excite Imry, which shed be to 265p.

Trusts followed the lower trend in equities, falls of 5 being marked against Gresham Honse, 190p. British lovestmeet, 245p, and North Sea Assets, 137p. Fashion and General lost 10 to 260p following lower annual earnings.

Oils on offer

Oils on offer

The sharp overnight turbround
of Wall Street coupled with contiouing uncertainty about the
expecied Government sale of BP
shares took its foll on sestiment
in the Oil market. BP weakened
14 to 422p and Sheil a similar
amount 10 618p to the leaders.
Brifoli gave up 10 to 238p, while
Lasmo closed 8 lower 5t 313p.
Burmah, in contrast, were a relatively lively and firm market Burman, in contrast, were a relatively lively and firm market awaiting today's interim figures and closed unaltered at 180p, after 182p. Elsewhere, Allantic Resources reacted 15 to 355p and Egilotos 20 to 255p. Against the trend, Australian Oil and Gas advanced 25 to 125p accompanied by talk of a bid from Hartogen.

The recent bull market in mining shares, particularly Australiens and South Africae and Wood in the share and th

following the dramatic downturn in precious metal prices and in overnight Wall Street markets.

The notable weakness of bullion, which retreated \$7.5 in London to close at \$408.875 an ounce, its lowest closing level since early June, encouraged widespread and often beavy selling of South African Golds and depressed the Gold Mines index by 20.3 to 674.2.

The declice to bullion was Herman Smith Lead Lease Common London to Common Lease Capella and often beavy selling of South African Golds and depressed the Gold Mines index by 20.3 to 674.2.

The declice to bullion was Herman Smith Lead Lease Common Leave Lease Lease Common Leave Lease Common Leave Lease Common Leave Lease Lease Common Leave Lease Lease Lease Lease Common Leave Lease Royal Worcester were confirmed when Crystalate yesterday offered share exchange terms which lifted the former 40 more to 315p, after 320p; Crystalate eased 4 to 162p. Other good spots among miscellaneous Industrials took in British Aerospace, up 15 at 190p following the first-half results. Also better after interim figurea were Bowater. 4 desrer at 210p, after 213p, and British Vita, 5 up at a high for the year of 192p. Rartons also attained a 1983 peak of 164p, up 2, belped by the increased dividend forecast Casualties on trading statements, however, included BTR, down 8 at 524p, after 517p, Hesiair, 3 off at 66p, and Heyters, which lost 5 to 140p. Low and Bonar gave up 8 st 106p, after 102p, despite the mild-term recovery while W 1 to £141.

and Wiskelhaak, 534i.
South African Financials were similarly depressed. Gold Fields of South Africa eased £11 to £86i and Anglo American Corporation

persistent profit taking is Impala.
20 cheaper at 970p, and Lyden-burg, 15 off at 630p following the MK Cand results, while Rustenburg dipped 10 to 860p. Gold Fields held the limelight

to 140p. Low and Bonar gave up 8 st 106p, after 102p, despite the mid-term recovery, while W. Canning lost 5 to 77p on profitaking. The leaders suffered sizeable falls ranging to 15 in Glaxo. 75Sp, and about 10 in Beecham, 320p, and Metal Box, 240p. Boots reacted 7 to 153p. Elsewhere, Arthur Wood rose 5 on scottered demand to close at the best this year of 41p. lo Londos Financials: msrked down to 600p ahead of the figures the shares made rapid progress The rights issue proposal mads no spherent impression on Associated Paper Industries which beld at 95p. Elsewhere in Psper/ Printings, Richard Clay put on 6 to 88p in response to the 81 per cent interim profits increese. In Newspapers, Figer Holdings, In.

The recent high-flying Australane rae into beavy profit-taking in overnight domestic markets and io New York and were marked down accordingly at Loedon's opening.

Vol. | Last | Vol. Last | Stock

Subsequent activity was confined to further selling from London dealers and prices

1 \$407.50

showed substantial losses at the close with speculative Golds particularly hard-bit.

Metana dropped 20 to 187p, Sparges S to 35p, Valiant 7½ to 25p, Ivanhee 3½ to 16½p and Queen Margaret 3 to 24p.

Lesding Golds showed Poseidon 13 cheaper at 355p, after 352p, and Central Norseman 25 off at 473p. Whim Creek dropped S to 192p.

Sons of Gwalia moved against the overall trend and added 3 at a year's high of 58p.

The volums of business in Traded Options again left a lot to be desired, but 1.882 contracts were done, comprising 1.128 calls and 754 puts. Grand Metropolitan were fairly lively, recording 293 deals.

### **NEW HIGHS AND** LOWS FOR 1983

NEW HIGHS (48) Tiess. 3pc 1908 Treas. 3pc 1908
AMERICANS (2)
Intl. Tel. 6 Tel. Rexpord
CANADIANS (1) ANZ BANKS 18)
ANZ BANKS 18)
Nnt. Com. Bk. Aust
Gervard & Nnil.
Mercury Secs.
Mnrshall BUILDINGS (1) STORES (2)

Home Charm ENGINEERIN Cohen (A.) FOODS (1) Low (Wm.) Low (Wm.)

Kennedy Brookes Wkeele's Restmit thoustrials (8)
Birt. Vita Royni Wercester Dwek Gross Standard Firewor Hartons Group Wood JArthuri INSURANCE (1)

Herman Smith

PLANTATIONS (1) Sons of Gwalia NEW LOWS (24)

BREWERS (SI Jarvis (J.) STORES M)
Bambers Stores Gc. Unineer
Mensics (J.) Do. A.
CPU Computers (LL
EMGENEERING (S)
Cameal St. Himder Sid Jarvis (J.) Cameral Farmer (S. W.) FOODS (1) Northern Foods INDUSTRIALS (2) Moben Gr Trade Indemnity LEISURE (1) Lesuretime Intl.

Gresham House OTL M & G 2nd Oual Cap. MINES (1) RISES AND FALLS YESTERDAY

Totals ...... 203 577 1,776

**ACTIVE STOCKS** 

Mon. closa 354 495 198 770 332 598 57 81 815 482 658 162 605 436

RECENT ISSUES •

Price	150	PE PE	19	85	Stock	Closing	j ⊶∔ or	ž.	. B	<b>#</b> ₽	<u></u>
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148 85 95 10	F.P.	8.8 18/8 24:a	120		#Real Timo C'Irol bp #3GUSA Inc. FD.D1. #Sihn. Bus. Leas.10p #Sunloigh Elect. 10p	103	٠	u2,0 b0.015c bg1.75 g0.35	4.4 3.2	1.D 2.9	23.1
100	F.P.	9/9 15:2 53:9	85 80 18	78 85	*Tech, for Sus, 10p  *Thermal Scientilic.  *Yorks&Lancs inv. W's	68	!		5.0	7.2	11.5

### **FEXED INTEREST STOCKS**

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### "RIGHTS" OFFERS

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Renunciation data usually last day for dealing free of stamp duty, b Figures based on prospectus satimates. d Dividend rate paid or psychic on port of teptish cover based on dividend by full capital. g Assumed dividend end yield a forecast dividend cover based on prospectus per other official estimates for 1983. H flividend and yield based on prospectus per other official estimates for 1983-34. Q Gress, is Cover silows for topospectus or other official estimates for 1983-34. Q Gress, is Cover silows for topospectus or other official estimates for 1983-34. Q Gress, is Cover silows for topospectus of obares not now ranking for dividend or ranking only for restricted dividends. • Figures or report swelted. § Placing price. p Pance unless otherwise indicated. § Isseed by tender. I Official to holders of ordinary shome as a "rights." Issued by tender. I Official to holders of panced. I lasted to concection with reorganisation perges or take.over. [II introduction. I issued to concection with reorganisation perges or take.over. [II introduction. I issued to concection with reorganisation perges or take.over. [II introduction. I issued to compet protestence bolders. I Allotment letters (or fully-poid). • Provisional or perty-paid allotment fetters. • Vytto warrence. It tile-tive issue price after strip. I formerly dealt in under special tule. If Dealt in under Rule 763 [3].

**OPTIONS** 

First Deal-Deal-Declara- Settlelngs lngs tion ment
Sept 12 Sept 23 Dec 8 Dec 19
Sept 26 Oct 7 Dec 22 Jan 3
Oct 10 Oct 21 Jan 5 Jan 16
For rate indications see end of
Share Information Service

Closing Money was given for the call

**LONDON TRADED OPTIONS** 

Resources. No puts were reported, but a double option was arranged in Land Securi-

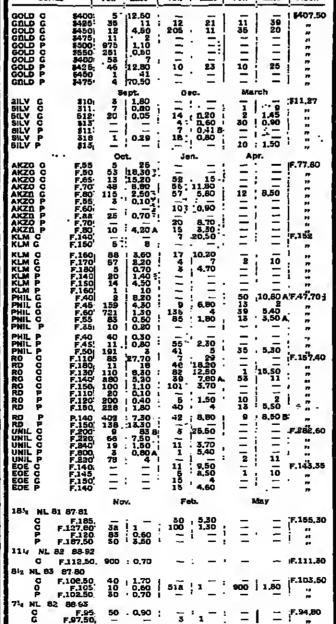
of London and Liverpool, Celtic Haven, Eden Spring, BSR, Sound Diffusion, Polly Peck, Premier Consolidated, Bellair, North Kalgurli, Bambers, Selin-court, Renold, Botterded Harvey, Sangers, Edward Jones, Comtech, Mettoy, Inter-City, Westand, New Conrt Natural

## 2rit, Petrolaum 300 330 560 390 450 460 Barclays Bank 1\*494 460 500 550 -33 42 94 150 LASMIN (\*316) 280 300 350 360 380 100 33 42 23 18 10 44 34 93 14 Racal (\*289 810 890 880 850 975 300 33 80 18 102 35 40 Vani Rea fa : "\$130; 100 110 190 130 140 --64 34 e0 124 85 54 85 18 Option Securii 860 880 500 330 Bacanom (\*321) 330 588 383 413 45 - 1 2 28 - 1 4 11 - 29 - 3 13 18 - 13 - 89 7rane 460 500 350 600 850 170 130 82 40 15 80 50 83

# FT-ACTUARIES SHARE INDICES

compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY	GROU	IPS		Tues	Sept	13 1983			Mon Sept 12	Fri Sept 9	Thurs Sept 8	Wed Sept 7	Year ago Gapros
Fk	& SUB-SECTIONS  Igures in perentheses show number of stocks per section				tex Out	est Earnin Ys Yield Type (Max	Y Ye	ACT 30%)	Est. P/E Ratio (Net)	Index No.	Index No.	index No.	intex No.	lades No.
<u> </u>					239 -			3.86	14.28	458.40	471.62	46A.71		
2	Building Materia		/300	-12	1.75 -0 1.57 -1			L79	11.56	421.94 725.85	421.80 725.87	731.65	731.62	342.45 636.52
3	Contracting, Con Electricals (36)		- W	369				225	16.34	1692.37	1703.97			
5	Engineering, Co.		(10)		110 -1	2 144	1 6	6.04	8.57	465.90	466.06	464.32	4426	443.81
6	Mechanical Engi	ineering (	(64)	一 提	9.57 -0			5.56	10.51	199.96	199.51	199.73	206.19	294.24
89	Metals and Metal	al Formain	g (1U)					.78 i.05	11.05	174.71 134.82	134.40	115.89	174.43 134.28	144.79 79.04
õ		Materiat	(26)		CF2 -1	3 55	6 4	22	23.74	553.62	528.70	532.87	534.39	355.EI
1	CONSUMER OF				-1		5 4	.58	11.51	GLB	421.65	434.26	434.40	353.24
25	Brewers and Dis				7.50 -1 1.25 -1			5.19 5.95	9.76	46.63 338.20	442.59 337.81	447.13 337.12	47.95 335.67	295.70
5 6	Food Manufactu				206 -2			2.67	18.32	963.25	952.14	967.32	961.52	758.14
7	Health and House		educts (8)	- 7C	3.53 -2	3 5.9	5 2	2.90	19.95	761.12	761.37	774.93	779.33	539.11
9	Leisure (22)				-20 -1			LOD	14.38	573.22	57L6	579.74	579,47	431.26
2	Newspapers, Pul	blishing (	14)	- 1	.75 -1			1.58	14.71	9%.72 198.30	999.55 138.99	998.13	779.60 199.58	138.19
3	Packaging and P Stores (460	Spit rie	,		195 +0 195 -2			.96	16.17	36.34	304.60	370.68	301.91	329.96
5	Textiles (22)			209				AB	10.02	212.65	212.32	272 17	211.97	162.89
6	Tobaccos (3)				.82			.66	4.59	41116	406.83	400.83	474.95	461.38
9	Other Consumer	<u> </u>		- 27	급 -1			47	15.24	433.46	465.05 366.51	400.86 388.79	430.77 307.50	277.81
L	Chemicals (1.5)			_ SE	185 -1				15.20	396.85 530.13	524.39	535.78	50.50	35.6
ī	Office Equipmen	£ (6)		130	.99 -2		4 4	1.63	14.77	112.32	112.70	172.58	113.53	103.96
5	Shipping and Tra		<b>5</b> 7	729				-7	19.45	734.15	730.29	726.62	735.90	551.52
<u>b</u>	Miscellaneous (4			437	1.74 -1 1.25 -1			.91	12.83	525.33 437.80	535.25 437.51	529.15 401.59	555.66 440.64	352.60
9	Olls (15)			100				34	18.94	1967.75	3804.85			
÷	500 SHARE INC				.20 -I			1.64	12.44	400.65	487.02		490.00	345.21
t	FINANCIAL CR		3)	321	LBC -0			20	-	331.95	329.44	333.02	323.48	251.79
2	Barrics(6)			351				111	4.57	359.51	351.52	397.46	349.76	259.27
3	Discount Houses			304 459				1.50	=	3824	298.36 462.53	25.12 472.27	295.82	274.55
5	Insurance (Comp		3>	215		3 I =		.09	_ :	218.84	238.21	222.55	224.46	164.16
ř	Insurance Brokes			544	-O.	1 12.1	7 ] 5	.30	11.36	544.94	547.05	553.77	557.46	504.15
•	Merchant Banks	CI3)		204 462			. 1 :	46	21.90	283.2%	283.22	203.91	203.%	141.95 417.85
,	Property (53) Other Flammoial C	17)		230				60	10.00	240.86	240.47	240.45	240.17	164.37
Ť	Investment Trust			449	12 -0.	5 —	3	.90		451.40	446.57	448.47	4%52	334.95
1	Mining Finance (	4)		322				.53	22.18	321.67	328.26	322.77 500.28	3241	223.84 367.27
-	Oversess Traders	(15)		496 445				쑮	21.43	499.72	498.68 450.21		497.22 453.33	
_	1 Mary Street, 160						-					- 1	Mon	Year
	F	XED	INTE	REST					GE GRO PTICH	AIETO2		Tues Sept 13	Sept 12	(abbiox)
	PRICE INDECES	Tues	Day's change %	Mos	Ad adj.	nd adl. 1983	1 4		Coverage	est years		299	9.76	9.15
	***********	Sept 13	*	Sept.		to date	2 0	supors	. 1	5 years		10.30	10.32	10.76
,			<del>                                     </del>		<del>                                     </del>		3 M	oden		5 years		9.94	1.65	10.92
1	British Community	1			1 1	1		pports		5 years		11.50	14.76	11.76
L	Syears	117.11	-0.04	117.16	j - 1	7.45	6		2	5 years		10.36	18.35	11.19
2	5-15 years			129.05	1 — J	9.39		gh		5 years		11.57 11.27	11.54	11.59
3	Over 15 years	138.41	-6.20	138.54	-	10.29	\$ G	ppons		5 years 5 years		19.49	18,67	11.38
١	irredeemables	249.85	+8.08	242.94	i – 1			rdeen	nables		fi	9.94	9.95	10.84
ş	All Stocks	128.01	-0.86	128.09	i – i		11 Deb			5 years		12.27	12.2%	12.69
1	Calculate and Lines.	169.55	-0.01	103.56			12			5 years		12.15 12.65	12.14	12.69
1							13	_	2	5 years		14 to 1	14.69	1437



C=Call

**EUROPEAN OPTIONS EXCHANGE** 

The second of th

3A	LOANS—continued F
Design Construct & Engineer.  In business to build success.  Stratford upon Avon 0789 204288	Financiai  187: 101   Inv in ind 140: 193   10.3   1   13.87   10.27   96   92   Do 64arch 91.94   96ai   651   10.00   1061: 964   Do 10   Inv in 18   99a   10.88   11.25   104   964   Do 10   Inv in 18   99   11.35   11.95   1061: 972   Do 11   Inv in 18   99   11.35   11.95   1061: 972   Do 11   Inv in 1992   1001; ml   11.94   12.30   1061: 911   Do 11   Inv in 1992   1001; ml   12.31   12.26   1774   764   Do 17   Inv in 1992   1001; ml   12.31   12.26   1775   765   764   Do 17   Inv in 1992   1001; ml   14   983   11.50   1161   True Inv in 1992   10.3   10.3   10.9   1174   807   807   807   807   807   807   807   807   1175   Do 96   74   91.94   821   10.91   11.90   1176   807   808   807   807   807   807   807   1177   807   808   807   807   807   807   1178   807   807   807   807   807   1179   807   807   807   807   807   1170   807   807   807   807   807   1170   807   807   807   807   1170   807   807   807   807   1170   807   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   807   1170   807   807   11
BRITISH FUNDS	1007   100
"Shorts" (Lives up to Five Years) 1021110034Each 1330c 83 10052-11004 1340 10041989 Each 1300 1933 10052-11000 949	1005   97
95.5 721; Each 3oc 1984 95-5 3.15 9.35 1021310012 Treasury 12pc 1984 3011324 11.77 9.97 1071310413 Treasury 15pc 1985 3011324 14.16 10.39	High Low   Stock   £   -   Grees   Yield
1022 95 1001 Fresh Suprior 25 284 3 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	11
1071; 1107; 17 reasury 120; 186	75   Iceland 6/3cc 73-88   75   652   13.89   15.81   110   942   12.17   13.91   15.81   13.91   13.91   15.81   13.91   13.91   13.91   15.81   13.9
9314 882 Funding 64 per 85-87 22 17-88 10c 27 (22) 200 20 20 20 20 20 20 20 20 20 20 20 20	\$911   75c   Tarin 9pc 1991   \$992   9   19 84   15.4   178   1880   178   1840   178   1840   178   1840   18
Five to Fifteen Years  9612 9014 Treas. 9120 88 9622 11.48 9414 9124 Treas. 91:00 88.24 19924 18.26 11.64 10045 954 Treas. 911:00 1993 10045 11.54 11.57 9814 9944 Treas. 101:00 1993 984 11.02 11.61	AMERICANS    1963   Price   + tr   Str.     Y tr   1539
112; 183   Treasmy 13st 1990tt   1084   12.24   11.56   1084   1092   1007   12.24   11.56   1084   1007   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   12.20   11.58   11.52   11.	27   475   America 7, 6 T Co   4376   +16   555.40   - 8.3   141   426
999 8894 Treasury 10pc 1992 942 18.65 11.13 11044 9892 Errch. 124pc '92 10p3 11.13 11.55 116 10642 Errchequer 131-pc '92 1093-pct -1g 12.31 11.73	37% 28% Carrephell Soup 36% - 5 52.20 - 4.0 255 31½ 20% Caterpillari 28% + 5 5.50 - 3.6 265 39% 25 Chase M lan \$12.5 33.3d + 3 3.50 - 7.0 99 36½ 26% Chemical N V Corp. 30 + 1 53.20 - 7.2 99 24% 24% Chemical N V Corp. 30 + 1 53.20 - 7.2 44
113a 1014 [Treasury 12] or 93tt 1075   -1a 11.85 11.53 1795   791a 71 [Funding for 1993tt] - 734at 8 13 10.25 11.53 10.25 11.54   -1a 11.54 [Treasury 13] or 1993tt] - 1165   -1a 11.55 1	291, 242, Cheschrough 31 25 -4 \$1.84 - 49 243 275; 201, 202, 202, 203, 203, 203, 203, 203, 203
126   110   17   17   18   -1   12.08   11.53   137   137   12.14   17   137   12.25   11.53   137   12.14   13.21   13.75   13.04   -1   12.25   11.50   13.04   -1   12.25   11.50   13.04   -1   13.04   -1   13.04   -1   13.05	1612   12   12   13   14   15   15   16   16   17   17   18   18   18   18   18   18
784 694 (Freshry Seat 1977) 1294 131-1204 (Ed.) 155c 1997 1294 1294 11.49 11.4	25%   17%
1375   1234   Treas 15-pc 198t;   128 pt   -1 <sub>6</sub>   12.02   11.42   11.42   101   Esch, 12pc 1998     1364   -1 <sub>6</sub>   11.23   11.10   96   861 <sub>6</sub>   Treasary 9-pc 1999;   1364   -1 <sub>6</sub>   11.25   11.10   1364   -1 <sub>6</sub>   11.25   11.01   1364   -1 <sub>6</sub>   11.25   11.01   1364   -1 <sub>6</sub>   11.25   11.02   1364   -1 <sub>6</sub>   11.25   11.03   123   136   Treasary 16-pc 1999   101   -1 <sub>6</sub>   10.76   10.71   123   136   Treas 13c 2000   117c   -1 <sub>6</sub>   11.31   11.02   1234   -1 <sub>6</sub>   11.31   11.02   1234   -1 <sub>6</sub>   11.31   11.02   1364   -1 <sub>6</sub>   11.25	36   264   Gillette S1
10.76 1794 (Fernand 1795) (1794) (1894) - 1, 1874 (1895) (1894) (1894) (1894) (1894) (1894) (1894) (1894) (1895) (	17% 124   Insico 51
117 99 Tressay 11 act 03-07 3105 1 16.79 110.4 1294 115 Tress, 13-3c 04-08 1294 1-4 11.00 10.76 652 534 Tressay 55c 08-124 604 14 9.12 9.57 874 717 Tressay 74c 12.15ct 864 1-4 9.74 9.66 122 1064 Exch. 12pc 13-17 13-91 10.34 10.26 Undated	22% 1.4% Norin Seron Inc. \$1 20% + 1/4 \$1.00 3.5 226 10/1 \$9500 Puttin Gard Elect \$5 10/4 + 1/4 \$1.60 18/6 240 27% 21% Pennzol Co 26/3 + 1/4 \$2.20 56 130 378 1 25/3 00.000 post \$1555 30150 + 1/4 \$2.200 42 128
42 354 Consots 4pc	3114 20 Sperry Corp. \$0.50. 304 -4 51.92 - 4.3 102 301 104 Sperry Corp. \$0.50. 294 -4 52.30 - 52 228
Index-Linked	5124 dip TRW inc. \$14 27 \( \frac{1}{2} \) \$2.60 - 3.7 41 250 20 Teveneco \$5 256 + \( \frac{1}{2} \) \$2.52 184 Teveneco \$6.25 255 + \( \frac{1}{2} \) \$1.00 - 1.5 212 250 130 Teveneco \$6.25 255 .
104 912 Do. 22pp I.L. 2003. 954 301 515 1071, 944 Do. 2rc I.L. 2006. 98 2 94 3 07 1049, 914 Do. 21pp I.L. 2009. 951, 290 3 02 1091, 97 Do. 22pp I.L. 2019. 259 1004 884 Do. 22pp I.L. 2016. 922. 283 2 91 Prospective real redemption rate on projected miliation of	144 9750 Zapata Corp. 25c.1 134   84c   -   4.3 130   342   342   342   342   343   344   345
INT. BANK AND O'SEAS GOVT, STERLING ISSUES 120   1022-  Australia 13-lgc 2010 -   313-lg   + lg   122 11   12.04 120   35   Euro Int Bit Lin 2022   92-04   11.66   11.22	154 8500 VBow Valley 1 154 -4 15c - 0.5 160
1074   1075   widowi 1975 to 1986   1054   -15   13.78   11.96   1074   1075	265 177 Cart Pacific \$5 26 and +1 \$1.40 - 28 274
111 95 Do. 131 <sub>20</sub> c Ln 2010 10654 12.49 12.60	21\
CORPORATION LOANS  101 97 [Bath 11/apc 1985	402p 190p Massey Ferg.ii. 380p +22 8— 2.4 165 3274 184; wPto Algorit. 3274 1+12 15.0 — 2.4 165 18 134; Royal Bi Can II. 17al +12 \$2.00 — 6.3 113 129; Seatyrant Co. CS1 23 0 05068 — 20 170 145p 113p 900 pref 53 177p 10% —120 18 197 197 197 197 197 197 197 197 197 197
100   952   Cardiff 11pc 1996   908   11.14   13.45   1002   1011   101	BANKS, H.P. & LEASING 75 75 75 75 75 75 75 75 75 75 75 75 75
81 75 Do 6-kpc 788-90. 79-2 864 11.35 26 23 Do 30c 20 Au 24 Lui -4 12.89 1 102 100 Sunderland 12-pc 1984 1035 12.06 10.75	313 190 ANZ \$A1 315   \$5 028c 3.1 5.1 6.3 102 295 225 Alexanders 0 51 245 +5 20.0 -11.7 79 133 1157 89 Algermen F1 100 £22 0225c 13 7.0 79 133 1157 89 Algermen F1 100 £22 0225c 13 7.0 79 133 1157 89 Algermen F1 100 155 -3 049% 4.2 7.1 4.6 130 118 77 Aedactor (61 90) 05 3.5 -5.9 -36 125 120 Bit. lectard £1 240 -5 10249 -8 11 -36 135 139 115 Bank Lectare 13c 117 130 Bank Lectare 13c 10.15 -9 11 -250 130 Bank Scottard £1 240 3.5 120 3.5 79 4.3 80
COMMONWEALTH AND AFRICAN LOANS  101   944   Aust. 6pt 1991-83   30070   -14   6.09   0.93 784   734   N.2. 714pt 1988-92   784   742   11.45 924   884   Do. 714pt 182-86   9140   .040   12.13	11
my lend 19' wind E. Mr. was 1 and 1 1 1	980 650 Com/robk DNs 10 845 660 2221, £1014, €79 Hb. F.
LOANS Public Board and Ind.  771.   771.   Agne Mi Spc 59-89   731.   6.89   11.58   354   Mer Wir 3pc B   35   057   11.20	394
	CIWYDS
	FRENCH CONNECTION
	112

Pilkington Fibre-optic Technologies. St. Asaph. 50 employees. Set up in Clwyd in 1976.

a better business decision

Contact Wayne Morgan, County Industrial Officer, on 0352-2121 Or write to him at Clwyd County Council, Shire Hall, Mold, Clwyd, CH7 6NR

Telex 61454.

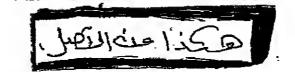
66The financial aid and clean air environment are just two lactors that influenced our decision to stay and

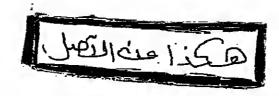
Pilkington Fibre-optic Technologies.

expand in Clwyd 99 Robin McEwen-King.

General Manager.

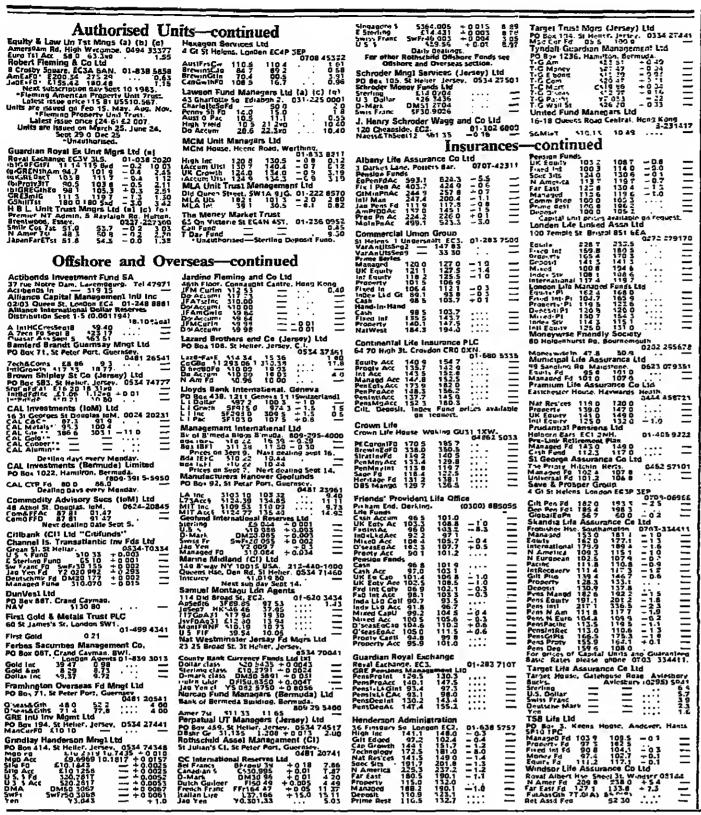
	Lac	<b>73</b> 7	LONDON	OTT A DEC	TATOODAL A MI	ON OFFICE	l EXECTE	Financia ICALS—Conti			September 14 1983 GROCERIES—Cont.
ed.	F	T	LUNDUN	SHAKE	INFURMATI	ON SERVICE	Heght Low Stock	Price - Net	EW ST PE	1983 High Law S	Sect Price   Dec   Tree   Tree   Price   Price
0.27 0.00 11.25 11.95	,	983	BANKS-Co			PLASTICS—Cont.	**************************************	12hg 230mi 135 v1 20p 35 25 E1 5c 74 151 in 10p 270mi 51	20 22272 14107 92 3 30 4 30 2717.7	12 23  Square	[His 12] p ] _ 28 dd
2.30	Hhaph	Lee	At	-   Mr.   Cw   G's   P.	1	Pres - Met   CW   GY   P/E	EN	GINEERING		1148 E111 Belle 1 113 90 Unique 160 128 United 95 66 Watton	That 20p 40 15 15 15 15 15 15 15 15 15 15 15 15 15
190 150 1190 1160	116 370 576 40	185 94 270 395 27	King & Shan 20p 98 Meinwort B L 370 Lioyoh C1 505 Manson Fin. 20p 34	1125 — 666 175 — 666 175 — 1099 110 — 423 -5 524 58 3 8 7 0 +1 520 — 23 14 +1 525 3 1 8 7 0 -1 725 3 1 8 7 0 -1 725 3 1 8 7 0 -1 725 3 1 8 7 0	122   93   Steam Plants 13   10   Plants Described 120   100   We statione 8   44   Years Charm	108 -5 625 21 85 66 79 -1 18 86 18 -	17 4 Alled Pr	och. 14 80 01 b 350 -3 105	26 4 3 10 1		S AND CATERERS
11.16 10.53	443 (80 (97	234 272 167 1894 77	100   100	+15 95 — 3.0 -1, 925.5 31 87 4 -1, 977.4 38 9 59 9 01014 38 9 113	DRAPERY	AND STORES	34 28 Apren W G	y 475 18.0	22 49120 25 5.4 93	37 1710 Cumfor	this 100   28       045   22 3 1163
11 16 10.53 10.46 10.20 10.53 10.12 10.41	(80 (97 118 118 675	77 128 446				17 m37 = 29 25 125 126 127 26 128 = 97 27 28 128 129 28 128 128 128 128 128 128 128 128 128	17 11 Actra Ind 13 8 Autora 10	oling see Assoc Telecom (A   100   13  -1  053	1 9 6 9 9 451.	167 98 (Cartonia 366 316 (Grandi 40 30 (Flanti 255 150 (Grandi 233 160 (Lathro 150 135 (Meteory	MRC 120 152 0 0 178 0 171 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
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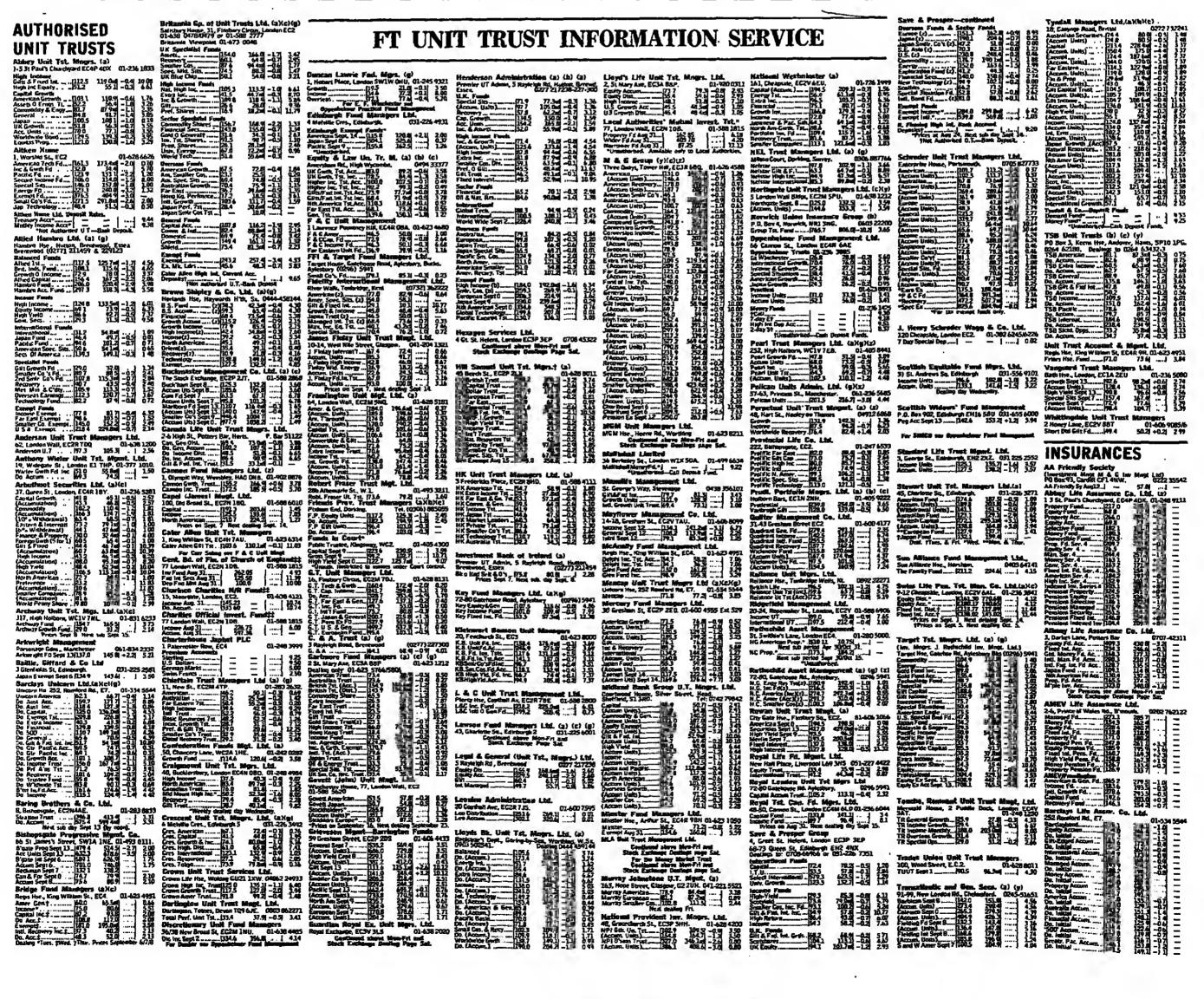
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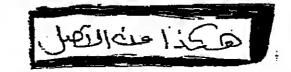
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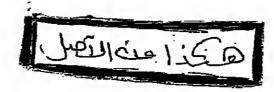
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# **Bullish response** to crop report

BY NANCY DUNNE IN WASHINGTON

TRADERS AT the Chicago Board of Trade initially reacted builtishly yesterday to Monday's Government crop report which said that the worst U.S. drought in half a century would reduce maize production to 4.39bn bushols and soya bean output to 1.53bn bushels.

When the markets opened, soya bean prices were up 23-26 cents a bushel over Monday's close et \$9.38 e bushel and maize was up more than 5 cents a bushel to \$3.70. Wheat rose a custer to \$5.70. Wheat rose
3 cents a busbel with the other
grains, although the Department
of Agriculture (USDA) said output will be down only 14 per
cent from last year.

Prices turned sharply down somewhat in later trading because of uncertainty that the new report had already been buit into the market and in anticipation of a bearish

Traders believe the new report would show a decline in both domestic and export usage of maize and wheat. The report is unlikely to have

Government supply - demand report throughout late Tuesday.

Traders say, unless prices rise swiftly to reduce demand.

Traders are expecting the Government's October crop report to show even steepes production declines than those already reported while the September estimate showed sharply lower visides planted acresses. lower yields, planted acreage was reduced only slightly.

# Livestock 'bloodbath'

markets are atrong now, "the fireworks in livestock will transpire in the next year," according to Mr Richard Gedy, vice-president and chief economist for Conagra.
Mr Gady said livestock pro-

ducers were reducing produc-tion after several years of de-clining domestic red meat consumption.

With escalating feed prices due to the drought, "the grain market is sending strong signals

to liverstock people to cut back," be added. Livestock slaughter is increasing, but stable production probably will not occur until 1984,

"It's a real bloodbath out there, particularly for cow and calf producers. Cattle feed prices are not a pretty picture either." Beef production is a "Vicious cycle of reaction," he said. Low any effect on soya beans. The 1.53bn bushel crop predicted by USDA is likely to produce a negative carryover in stocks, traders say, unless prices rise

It is expected that the con-tinuod drought in September will lead to widespread crop abandonments as formers de-cido against harvesting

# CHICAGO - While the grain feeder calf prices encourage

sleughter, which brings more meat to the market and subsequently lower prices. "The cycle feeds on itself.
Throw in a drought, which dries up pasture and higher grain prices and there is even more liquidities."

liquidation." While prices are low, ironic-ally, cattle weights are up-Weights have got out of hand. It makes no economic sense, but when prices are low producers hesitate to market,"

hesitate to market,"

"As the economy picks up, agriculture usually lags by about one year. But as 1984 nears, we'll see batter demand translated to the meat sector."

Slanghterings will be high through the first quarter of 1984, he said. Cattle prices could range from 57 to 59 cents a lb for the rest of the year. a lb for the rest of the year, then rise to about 63 cents in the first quarter of 1984

# Copper and silver set Comex records

By Nancy Dunne io Washington IN A BURST of metals-trading activity, both copper and silver futures have broken all-time volume records at Commodity Exchange (Comex).

In the first eight months of trading, both motals surpassed volumes achieved for the whole of last year. More than 2.3m copper contracts changed hands between January and September 1, a 59 per cent increase in volume over 1982.

More than 4.1m aliver contracts were traded between January 1 and August 24, surpassing the previous record set in 1979.

Meanwhile, crude oil open intorest on Nymex has soured to almost 8,000, achieving the most rapidly expanding growth of any previous energy contract Heeting oll took two years be-fore surpassing the 7,000 mark and regular loaded gasolina took about 16 months. Grude oil futures have been trading a more 21 weeks.

 PENINSULAR Malaysian rubber production in June rosa to 119,528 tonnes from a revised 98,903 in May but was be-low tho 130,060 tonnes in June

 INDONESIA aims to produce up to 3m tonnes of white sugar by 1988 and bopes to be export-ing about 70,000 tonnes a year

THE UN Food and Agriculture Organisation forecast a fall in world oilseed product output in 1984 after two years of increases to new record levels. It puts output of ediblo and toap fets and oils at 62.8m tonnes next year. • U.S. ACRICULTURE Secre-

tary John Block estimates that drought damago to U.S. crops will add 1.5 percentage points to food price inflation next

# Mellow mood likely at coffee agreement talks

THIS MONTH'S final meeting Brazil's coffee production in of the International Coffee 1982/83 to about 17.5m bags Organisation (ICO) under the current Internetional Coffee Agreement (ICA) should, by normal standards, be a fairly mellow affair. The expiring agreement has been surprisingly successful over the past year in its principal purpose of stabilising the world coffee this year promises market, and the new six-year surplus still higher. pact, which replaces it on October I, has already been negotiated.

issues to be decided at tha September 19-30 session are the global export quota for 1983-84 — individual country chares were agreed nearly a year ago
—and the price range defended by the agreement.
There will, however, be some niggling problems to be sorted out and, in the background, the

awareness of some much more serious problems being stored up for the future. The inescapable fact is that world coffee production is in structural surplus and market balance can be bought only at the price of ever-rising surplus stocks — unless the Brazilian

weather steps in to save tha

Luckily for Brazil, but un-luckily for the rest of the world's coffee producers, it bas Luckily for Brazil, but the bas been schieved whold the expected quota cuts being world's coffee producers, it bas triggered. Traders attribute this to the ICO's ploy of delaying the release of a proportion of the final quarter (July-September 1981). failed to do this for the last two

1982/83 to about 17.5m bags (60 kilos each) from 33m in 1981-82. A frost-free 1982 winter has since allowed the 1982-84 crop to recover to an estimated 30.75m bags, boosting world stocks to around 48m or balf annual world production, and another Brazilian bumper crop this year promises to lift the

This might seem e recipe for falling prices but in fact the egotiated. market has remained remark-The only remaining major ably ateady. For most of this year coffee prices on the Lon-dom futures market have remained within a £220 range, breaking through Its upper limit of around £1,760 only when an artificial supply squeeze and a sbort-lived Ivory Coast crop scare (following bush fires) pushed the second position futures price to £1,940.50 a tonno in late March. The market's resistance to downward movement can be ettributed almost entirely to tho

operation of the ICA. This agreement seeks to balance supply with demand by cutting or increasing producer export quotas when prices move out-sido a predetermined range. This year, however, stability has been schieved without the

Richard Mooney looks at problems percolating in the coffee market

tember) quota from August 15 to September 15 thus effectively removing much of this coffee from the 1982/83 marketing

But It will, of course, tend to reduce demand for coffee from the 1983/84 first quarter quota. The ICO is expected to attempt some fine tuning on that quote by repeating arrangements introduced last year when it withheld 500,000 bags from the quota unless the indicator price reeched 127.5 U.S. cents (7.5 cents above the floor level). cents above the floor level) on or after November 15. Consumer delegations can be expected to seek a reduction in

this month's meeting, arguing that this would tend to discourage excess production, while producers will seek a rise to cover inflation. A compromise at around last year's level is widely anticipated.

Another issue likely to rouse beated debate is the discount price at which ICO producers have been selling coffee to non-member consumers. At times

this year the price to non-tivity" and have the backing members was half that charged of most other consumer delegato members and this fact will be used to support arguments for a reduction in the agreement's floor and ceiling prices.

While ICO producers account for 99 per cent of world output consumer members account for less than 90 per cent of usage and this is believed to have resulted in a growing "claudes-tine" trade tine" trade.

ICO figures showing that sales ICO figures showing that sales to non-members grew to 9.5m hags last season from 5.7m in 1979 have convinced many observers that much of this coffee is being secretly sold on to member countries at knockdown prices, a thesis supported by the fact that sales to some non-members have been well in non-members have been well in excess of their normal annual

Tighter controls have been imposed to monitor non-member trade but some traders doubt the ability of the ICO to prevent back-door sales and feel, in any case that the scale of the problem has been exaggerated. The U.S. is expected to this secondary trigger level at demand changes in the edminis-tration of the ICO's quota system to ensure that quota adjustments reflect the supply/ demand balance for individual types of coffee rather than just the global position.

The Americans are known to be heavily committed to this principle, known as "selecof most other consumer delega-tions. They will face stiff oppo-sition, however, from producers, who prefer the global approach. • A comprehensive guide to the production, trading and consumption of coffee has been published by Woodheadpublished by Woodhead-Faulkner of Cambridge. The World Coffee Trade is written by Mr C. F. Marshall, for many years e leading coffee treder in London, and is priced at £17.50.

THE IVORY Coast is trying to improve the quality of its coffee crop by delaying picking beans, says Marseilles dealer Georges Daras. • A POWER failure stopped

trading for 40 minutes yester-

day in the London robusta coffee futures market.

### Devon still awaits rain

ANOTHER week of rain is ANOTHER week of rian is needed to alleviate fears of further water restrictions in Devon, according to the South West Water Authority. A spokesman said the situation in north and mid-Devon was most critical, with the Wistland Pound received less than 40 per Pound reservoir less than 40 per cent full.

"Large savings are essential," he said. "Without pro-longed rainfall and a large cut in consumption, further restric-tions on use will be inevitable."

# Dairy dispute unresolved

GENEVA — The European Community and the U.S. failed to resolve a dispute over a U.S. sale of 28,000 tonnes of butter and cheese to

At a special meeting yesterday of the International Dairy Council, a forum of the General Agreement on Tariffe and Trade (Gatt) grouping all majar dairy-producing countries, the EEC asked the U.S. to pledge to renounce further sales at prices below Tha U.S. was not prepared

to give that pledge, saying tha sale was above world prices and therefore within Gatt rules, trade sources said.

Vesteday's meeting was requested last month by tha
Community, which said the sale was an unfair trade prac-tice violating Gatt rules be-cause it injured the EEC's interests in Egypt, which it views as a traditional Euro-

pean market.
It was agreed that the issue will be discussed at the next regular meeting Reuter

# Zinc leads LME slide in base metals

BY RICHARD MOONEY

FALLS IN oil and precious dustry oncouraged expectations metal prices, coupled with hopes of e sharp rise in demand. There have been no fundables might belp avert an intermental davelopments to explain to expl national monetary crisis, pushed base metals prices lower on the London Metal Exchange yester-

the chango of sentiment and dealers see the fall mainly as

The lead market was feature-less but followed the general trend with cash metal ending £2.75 down et £26.25 a tonne. base metals prices lower on the dealers see the fall mainly as the result of speculative selling the result of speculative selling by long bolders who have given the ended £17.50 down at gains in the near future.

£555 s toune for the cash quotation. Cash zinc has now fallen a factor encouraging a further £24.50 below the nine-year high resched at the end of last month as the recovery in the motor in-

### BRITISH COMMODITY MARKETS PRICE CHANGES : NICKEL BASE METALS

in tonnes unless stated otherwise	Sept. 13 1983	+ 01	Month	•	Sept. 13 1983	+ or	Month
Motein		1	1	Oile			
Alominium	£1060		£1050	Coconut (Phil)	\$1018.5v	+ 17.0	21006
Free Mkt.	\$1655/1686		£1585/810	Bround nut	\$1045x	i+ 10	
Copper				Linseed Grade	£550	+65.8	£397
Cash h grade	£1058	-14.9	£1096	Paim Malayan	8660u		\$567.5
. 3 mths	£1087,25	14.5	£1 123,25	Soods I			
* Cash Cathodo 1	121026 '	-14	E1084.25	Copra Phili	GERTY.	+8	\$660
& months	£1056.5	18.5	£1091.5	Soyabean (U.S.)	2000	170	\$5.66
Gold troy oz	¥408.875	<b>—7.6</b> (	\$422,62b		•	p=#=0====	4000
				Tirales_			
amonthy	£870,25	-2.75	£274,70	Barley Fut, Nov	2118,19	+0.10	£117.90
Niokel	\$4646,54	M1 M1	£4625.34	Maize	£148.00		£142.00
Free mkt	230/2000	-	220/2500	Wheat Fut Nov		-0.0p	£129.10
				NoS Hard Wint	# 1	***	<b>.</b>
Palladium,			6153.00	Other ·	_1	1	
Platinum	£286,90		£295,00 ·	commodities		. 1	
Quicksilvert	1206/200		8289/296	Cooos ship't!	£1430		£1695,9
Silver troy oz.	798,4U		826,60p	Fut, Dec	£1374.5		£1640,5
6 mths	310.10	-24-40	846,20p	Coffee Ft. Novi	£1704	+7.	81694.6
				Cotton A. Index	81.95a		90.600
Tin cash	384X6		£8437,5	Gas Oll Oct.	<b>\$258.5</b> -	-0.8 )	<b>826</b> 3
& month	8506		£8546.6	Rubber(kilo)	78p		80,9p
Tungstee4	74.81		<b>#82.73</b>	Sugar (Raw)	£160y		81780
				Woolt'ps 64 Z	595p kilo.		282 Kr) 10
Wolfsm 22,04 lb  8	376/82		\$78/77				
Zinc Cash	£555	17.53	P541.5	# Unquoted.	# A00-5		B Nav.
O mths	2671.6	-17	£597_80	y Sept-Oct. x			
Producers	1880		\$820	18lb Sask, . Gh	HEOR GOCOL	a. n.	Janinal.

# LONDON OIL SPOT PRICES

SPOT PRICES	The market opened a shade lower and seed through the meming reflecting a lack of buyom on the physical merket. A standy New York opening moved grices to the highe in midestemoon, and the merket romained
Latest + or —	atsedy until the close, reports Premier Man.
GRUDE OIL—FOR (\$ per barrel) Arabian Light[28,60-28,66]	Month Yest'day's + or Business
iranian Light	Sept
PRODUCTS—North West Europe CIF (# per tonne) Premium gasoline[295-207] — Gas of)	Jan

# **GOLD MARKETS**

Gold fell \$71 to \$4061-4071 on the London bullion market yes-terday. The metal opened at \$4071-4081, as e result of selling pressure in New York on Monday, and was fixed at \$406\; in the morning and afternoon. It touched a peak of \$407\;408\;, and a low of \$404\;404\;. In Paris the 12} kilo gold bar was fixed at FFr 105,700 per kilo

(\$407.08 per ounce) in the after-noon, compared with FFr 105,700 (\$408.52) in the morning, and FFr 107.700 (\$418.59) Monday In Frankfurt the 12 kilo bar was fixed at DM 35,075 per kilo (\$408.27 per ounce), against DM 35.690 (\$418.03), and closed at \$406;407, compared with \$415;416;

bar was fixed at the equivalent of \$407.25 per ounce, against \$417.00. In Zurich gold finished at \$406,409, compared with \$416-

GAS OIL FUTURES

LONDON FUTURES Turnover: 751 (402) lots of 100 tray

Gold Bulker (fine Cunce) (£271½-978½)|\$414-4144 (£273-278½)|\$410½-417¼ (£271,438)|\$415,90 (£278,037)|\$415,78 (£272.2794) | Kiag Sov (£14514-14414) | Viotoria Sov (£294.745) | Sov (£293.43014) | Sov (£299.2794) | Sov (£299.2794) | Sov (£654.6412) | £20 Eagles

# **EUROPEAN MARKETS**

ROTTEROAM, September 13.

Wheet—(U.S. \$ per ronna): U.S.
Red Winter Oct 170, Nov 173.75, oec
176.50. U.S. Northern Spring 14 per
cent crotain Oct 187, Nov 189.50, Oec
193.50. U.S. Three Amber Ourum Sept
214, Oct 213, Nov 217.

Meize—(U.S. \$ per tonna): U.S.
Three Yallow Sept 185.75, Oct 184,
Nov 164, Dec 165. Jan/March 189,
April/June 172 sellers. Argentins:
Afloat 173, Oct 172 sellers. Argentins:
Afloat 173, Oct 172 sellers. Argentins:
Afloat 173, Oct 172 sellers. Argentins:
Saryabeans—(U.S. \$ por tonno): U.S.
No. 2 Yellow, Gullports: Oct 366.50,
Nov 367.50, Dec 372.50, Jen 376.50,
Teb 361.50, March 384.10, April 388,

Mew 389 sellem. Argentins: Sept 180 sellers.
Soyamasi—(U.S. \$ per tonno): 44 per cent: Afloat 22, Sept 282, Oct 223, Nov 237, Nov/March 303 sellems.
Soyamasi—(U.S. \$ per tonno): 44 per cent: Afloat 22, Sept 282, Sept 282, Sept 282, Oct 293, Nov 237, Nov/March 303 sellems.
Soyamasi—(U.S. \$ per tonno): 44 per cent: Afloat 22, Sept 282, Se

BASE ME. I ALS

BASE-METAL PRICES came under
heavy selling gressure on the Londos
Metal Exchenge as overnight weakness
in New York oromptad wideegreed
oroffctaking and esting in London.
Zinc was a particularly wash market
and dropped to close at £570.5 owing
to Commission House and charist
asiling while Cooper lell from £1.095
to close sround the £1.085-7 level muth
heavy speculative selling only gartly
met by trade outport. Aluminium
stracted heavy epoculative selling on
the pre-market and lell to £1,112 belore
rallying to close the late kerb at
£1,114.5.

# C

COPPER		t on gravious unofficial close. SILVER
	12 1057,5.8.5. =14.5 1.5 1067.5 = 14.5 1.5 1065.6 = 13.5 1.6 1065.6 = 14.5 1.6 1065.6 = 13.5 1.6 1065.6	IREC TURNING SAT (AN) SALE OF
a.m. ,+ 0	unotflotal -t	MEEKLY
High Orde £ : £ Cash 8405-10 '+6 O months 6545-60 +2	8480-80 +17.5	METALS

1	1111	OHIGH	/01/01/1/01/04	η — ι	
	0 months	8405-10 8545-60	+6 6480-80 +25 0595-7	£ +17.5 +26.5	METALS
	Settlem't Standard		.+6 · —	+17.5	All prices se supplie Bulletin.
	9 months	8548-50 8405	+25 8555-7	+28.5	99.0 per cent. S per ton
	New York				BIOMUTH: Europeas free 99.99 ger cent, \$ per lb.
	05, three	menthe £8	endard: Ceeh Ø 540, 45. High G b: 6tendard: 7	rede:	Warehouse 1.80-1.87. CADMIUM: Europeen
	mostha i	08660. A	ternoon: Standard: months £8555.	derd:	min 99.95 ger cent, \$ per hause, ingots 0.91-0.94, 0.96.
	52, 55, 0 (28555, 57	0. High G	mde: Three mo b: Atenderd: T	inthe Three	COBALT: European 1ms ger cent, \$ per lb, in war
ı	tonnas.		50. Turoover:	2,715	5.80. MERCURY: European 1
I	LEAD	1			min 39.39 per cent, \$ p wamhouse 287-297. MOLYBOENUM: Euro
I	LEAT	Official	+ or p.m. — Unofficial	+ or —†	market, canned molbdic of lb Mo. in wamhouse 4.00
ı	Cash	269.575	£ £	£ -2.75	SELENIUM: Europeen 6 min 99.5 per cent, \$ per bouse 4.20-4.75.
l	Settlom't U.S. Spot	269.76		-2.5	TUNGSTEN ORE: Eur market, standard mis 65
I		oming: C	esh £269,50, ti	h ree 2.00.	ger tonne unit WO <sub>3</sub> , cli i VANADIUM: Eurogean i min 98 per cent V <sub>2</sub> O <sub>5</sub> , cti
۱	76.00, 79	.50. Ke	rb: Three mo	nthe 7.50	S ser ib V <sub>2</sub> O <sub>5</sub> , cit 2.00-2.0

76.00, 76.1 1277.00. ZINC	Tumover:	11,35	D tonnes.	
ZINC	Official S-III-	+ or	o.m. Unofficia	+ or   —†
Cash 3 months Settlam't Primw'ts	£ 558.5-9 584.5-5 598.5-9 Morning: 587.00, 76.50, on the £50, 76.50, or 76.5	Cash 87.60. 84.00 77.50 77.50 79.50 79.50 79.50 79.50 79.50 79.50 64.00 79.50	£ 654.5-5,5 071-2 *46-,75 5588.50, 1 87.00, 8 0, 64.50, 1 82.00, 6 0, 74.00, 7 0, 79.00, 7 1, 77.50, 7 1, 77.50, 7 2, 70, 68, 68, 96.5, 68, 96.5, 68, 96.5, 96.5	17.0 -17.0 -17 -17 -17 -1.00, 6.00, 9.00, 7.00, 8.00, 8.00, 8.00, 8.00,

**ALUMINIUM** 

Aluminium—Morning: Three months
£1113.00, 14.00, 14.50, t5.00, 15.50,
16.00, 17.00, 18.00, 17.00, 16.00, 16.00,
15.50. Kerb: Three months £1114.50,
14.00, 15.00. Altomoon: Thms months
£1110.00, 15, 14.5, 16, 15.9, 16, 16.5,
17, 17.5, 18, 17. Kerb: Three months
£1117.50, 17.00, 18.00, 15.00, 14.00,
Tumover: 21,800 tonnes.

NICKEL	a.m. Official	+ of	unomicia	<b>4</b> +
Spot 9 months	3369-31 3420-3	-16 -16.5	8880-6 8428-4	<u>L</u> 1
30, three 20. Kerb; ncon; Thi 25, 34, Tumover	1,632 ton per cou- lous unof	3,430, on the e £3, rea r ines. nd.	25, 23, 2 £3,420, 425, 23, 2 nonthe f	20, 1 Afti 22, 2 23,42

874.0, 13. 05.0, 05.1 05.0, At	urnover; is. Mon 0, 12.5, 1; Kerb; ternoon; rb: three	ning: 2.0, 0 three three mant	menths to 806.0,	05.5; 806.0, 810.5,
SILVER per troy oz.	Bullion fixing price	+ or	L.M.E. p.m. Uhoft lo'i	+ or
Spot	792,400	-28.2	790.9g	-21

coco			
2000A	/esterday's Close	+ 01	ŀ
nt	Epertonna 1885-84	+8.0	
o	1674-76 1309-94	-10.0 -8.5	į

tones: S,ale (4,807) lots of formers.
ICCO—Indicator grices (U.S. cents per pound): Dely price for dept 13; 91.01 (92.00): five-day everage for Sept 14; 93.84 (94.82). After as initially standior opening, with Outch futures some £4 higher, buying interest foll eway and grices fell is fairly thin trade to closs elightly seeier, reports Coley & Herper.

5,514 (4,807) lots of 10

# £ per tonse 148,0-142,6 178,0-174,0 212,0-204,5 210,5-210,8 80,50

GRAINS

118,85 119,19 122,35 124,95 127,05 + 0.20 + 0.16 + 0.26 + 0.05 + 0.05

May 136.05 July 129.M5 +0.05
July 106.15 -0.85 127.05 +0.05
July 106.15 -0.85 127.05
July 106.15 -0.85 127.05
July 106.15 -0.85 127.05
July 106.15 -0.85 127.05
July 106.15 -0.85 148.05
July 106.15 -0.85 148.05
July 115.20
July 115

RUBBER The physical market spened slightly higher, drifted lower throughout the day and closed quiet, reported Lewis and Peat. The Kuele Lumper September lob price for RSS No 1 was 254.75 (255.25) cents a kg and for SMR20 215.6 (same). No. 1 Yest day's Previous Close Clos SOYABEAN MEAL

Seles: 343 (103) lote

SUGAR LONGON DAILY PRICE—Raw sugar £150.00 (£158.00) e tonne for Sept-Oet shigment. White sugor £179.50 (£180.00).

The merket was unable to sustain the overlight levels ead prices essed back. Although same commission house buying lifted values, New York was disappointing and the quotations eligned again by the cices, reperts C. Czemikew.

£ per tonne Oct...... 189,76-79.09 | 171,25 Tlec....... 189,50-80,76 | 189,75-81,26 | 181,50-79.25 Mar...... 189,50 | 189,25-86.69 | 181,76-89.50 May..... 185,89-84,08 | 186,25-86.69 | 186,69-85,76 Sales: 3,685 (2,685) lota . Tste and Lyle delivery price for granulated beals sugar was £269.50 (£267.50) a tenne for export.

INDICES FINANCIAL TIMES Sept. 12:Sopt. 9:M,th ago Y'ar ago 269,55 291,45 994,58 250,09 REUTERS Sept. 16 Sept 12,M'th ago |Y'ar ago 1902.6 1904, 1 1925.6 1522. MOODY'S

Sept. IliSept. 10:M,th ago |Y'ar ago 1078,1 1088,4 1087,0 1011,1 (Base: December 31 1974=100) DOW JONES Dow | Sept | Sept | Mouth Year Joses 11 | 10 | ago | ago

LIVERPOOL—Spot end shipment sales emeurod to 550 tonaes. Cusiness was again extensive and gurcheses maged over numerous qualities. Usem contomoisted keeping aupplies on a regular basis, and demand broadened in African and Middle Eastern styles.

**WOOL FUTURES** LONDONI NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents our kg. Oct 427, 429, ni; Duc 427, 429, 429-425; Jan 429, 432, 431-426; Merch 436, 439, 439-436; May 448, 452, 450-448; Aug 455, 463, 455; Oct-460, 465, 464-462; Dac 455, 470, 469-468; Jan 470, 475, 471; March 478, 485, 481, 281es; 57, fishrdet shrst shrst sahrst aher ahetas

SYDNEY GHEASY WOOL—Close (In order: buyer, saller, business). Australien cents per kg. Tict 563.0, 565.0, 565.0, 566.0; Bec 673.0, 576.0, 576.0, 576.0, 576.0, 576.0, 576.0, 576.0, 576.0, untraded: May 603.0, 604.0, untraded: July 815.0, 519.0, untraded: Dec 618.0, 622.0, ustraded: March 624.0, 640.0, untraded. Gelasi 25.

# HIDES

HIGES — Birmingham (Manchester). Second cleam. 0x: 31-35,5 kg. 79.8p a kg (79.2g): 28-30.5 kg. 83.0p a kg (79.9p) 22-25.0 kg. 90.0p kg (91.4p). Cowe: 25.5 kg. 87.8p a kg (66.8p with-dmwn).

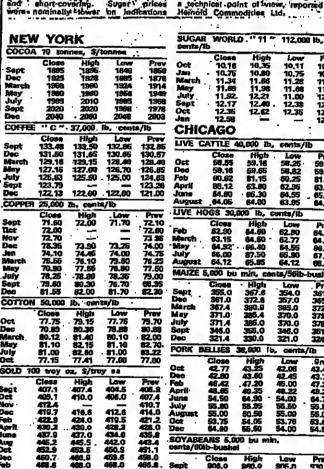
MEAT/FISH MEAT COMMISSION—Avarage fat-atoch prices at momeantative previets. GB—Cattle 95.18 per hg tw (±0.47). GB—Sheap 133.78p per kg test dow (±4.26). OB—Piga 77.36p per kg tw (±5.10).

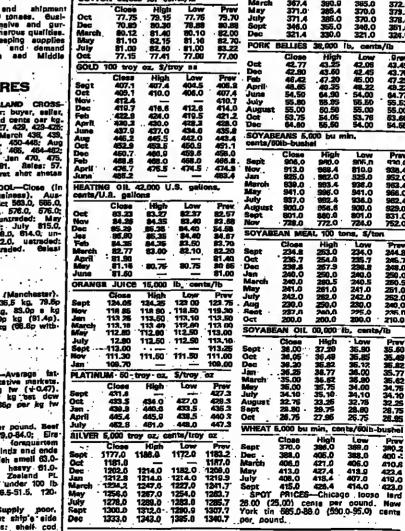
(+5.t0).

SMITHFIELD—Pencs per pound. Beef 6 cortch killed sides 79.0-84.0; Eirshindouartem 00.0-88.9, forequartem 60.0-85.0, Heal—Dutch hinds and ender 144.0-148.0, Lamb—Englieh smell 63.0-69.0, mardium 64.0-86.0, heavy 91.0-63.0, imported: New Zesland PL 58.0-53.0, 100-120 ib 48.5-51.5, 120-148.0-53.0, 100-120 ib 48.5-51.5, 120-149.0-53.0, GRIMSSY FISH—Supply poor, demand good. Prices at shipe side (unorroressed) per atonas: shelf cod £6.00-9.40, codlings £5.50-5.90, lerge heddock £4.20, mgdrum £3.0-4.20, smell £2.80-3.70; medium glece £8.60-9.00, best smell £5.50; Jomen cele (largef: £14.00, (smrll) £6.00; saiths £2.00-3.50.

AMERICAN MARKETS NEW YURK. September 13,
Precious matels steedled after
efter Monday's sherp break as bargue
hunding astablished the initial levels
of support. The markets were besically in a holding pattern waiting for
the general confusion to other markets
to clear ug. Copper sold off moderately
as the greasure of erbitrage selling
was maintained throughout the day.
Cocos priess recovered on reports that
the lvery Coast requested delays on
shipping commitments which the trade
interpreted as indicative of a short
rather than a larger crog. Coffee prices
ratified on reports of a promisel dock
strike mhich quickly brought in commercial short-covering and opeculative
buying. Heating-oil-advenced on light-

that India was offering ghysicals in the market continuing her recent aggressive selling costume. Cotton prices sold off almost the full delly limit following a bearist crop report by the Government heavy trade liquidation and measure commission house celling is the beginning at on overdue correction. The most dramatic scalling is the beginning at on overdue correction. The most dramatic scales of the day took place in the grains and soyabeans. Seyabeans opened strong, sold off and eventually traded limiting and finished almost limit down. Grains performed in a similar feation without the limit moves. The strength in the merkets was besed on a bullish government crop report into which local traders sold heavily. Local solving attracted grofficking and stop-loca selling. Markote summend helps denings from a technical point of tyrew, reported by Henold Commodities Ltd. strice minical quickly prought in com-mercial short-covering and opeculative buying. Heating off edvanced on light-buying shoet of the distribute sock, report touching off stoplets, orders and short-covering. Sugar's prices were nominally shower by laditations





English produce: Apples—Per pound, emmley naw season 0,11-0,13, How-gets 0.09, Tydensn's Worcester 0,12-0,18, Worcester Permain 0,12-0,20, orby 0,10, Carls 0,20-0,30, Russet 0,20-0,22, Peers—Per pound, Williams 0.10-0.12 Conference fi 14-0 15 Straw-herries—8 et 0.40.0.80 according to condinon. Respherries—4 ce punnets 0.70-0.80 accordine ro quality. Stack-berries—8 oz 0.35-0.40. Piums—Per pound. Damsone 0.22-0.25.

# Dollar gains on firmer interest rates

iem lall

currencies.

DOLLAR — Trade weighted index (Bank of England) 128.8 against 121.2 six months ago. The latest figures on money supply bave given rise to cautions optimism as fears of a sharp rise in M1 rise in September now seem overdone. The dollar had previously been at record levels on fears of higher U.S. interest rates as a result of the U.S. budget deficit and money supply growth.

growth.

The dollar rose to DM 2.6790 from DM 2.6605 against thin D-mark and SwFr 2.1775 from SwFr 2.1630. It was also higher against the French frane at FFr 8.0850 from FFr 8.0125 and Y243.90 from Y243.40.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4549. August nverage 1.5027. Trade-weighted index 84.7 against 84.8 ut noon and 84.7 at the opening and compared with 84.9 on Monday and 79.4 six months ago. The pound

The dollar rose in currency markets yesterday as upward pressure was exerted nn Eurodollor rates ahead of the U.S. Treasury's lotest refunding package. Money supply fears also continued to be an unsettling factor.

Sterling traded quietly to finish alightly down against the dollar but firmer against European currencies.

DOLLAR — Trade weighted finder (Bank of England) 128.8 against 121.2 six months ago. The latest figures on money supply bave given rise to cautions of the U.S. adainst the D-mark it rose to DM 4.0050 from DM 4.00 and SwFr 3.2555 from SwFr 3.2555 it was also higher against the French franc at FFr 12.0750 seem overdone. The dollar had previously been at record levels on fears of higher U.S. interest rates as n result of the U.S. budget deficit and money supply growth.

The dollar rose to DM 2.6790

EMS EUROPEAN CURRENCY UNIT RATES

there was no sign of official intervention on the open market. Sterling rose to DM 4.0010 from DM 3.9950, while the French franc fell to DM 33.155 per 100 francs from DM 33.190.

BELGIAN FRANC — Trading range against the dollar in 1983 is 54.49 to 45.90. August average 53.63. Trade-weighted index 90.9 against 95.4 six months ago. The Belgian franc is the weakest member of the EMS, but has not been under any real pressure due to the weakness of European currencies against the dollar. However a switch back into currencies such as the D-mark may nitimately lead to renewed strains on the weaker members of the system.

The Belgian franc was weak st the Brussels fixing, losing ground to the dollar, sterling. Swiss franc, and members of the EMS, while the difference between commercial and financial frencs widened on nervousness about the implications of yesterday's rail strike, and the country's public service workers on Thursdpy in protest at the Government'a austerily programme. The dollar rose to BFr 53.9375 from BFr 53.4425 at the fixing; sterling to BFr 80.60 from BFr 80.4050; and the at the fixing; sterling to BFr 80.60 from BFr 80.4050; and the D-mark to BFr 20.1445 from BFr 20.1235.

45.8135 0.18256 2.27422 0.85833 2.54517 0.725347 1358.37 +1.31 -0.45 +0.72 -0.96 +0.04 -0.77 -3.21 Changes are for ECU, therefore positive change denotes week currency. Adjustment calculated by Financial Timos

OTHER CURRENCIES **CURRENCY MOVEMENTS CURRENCY RATES** 28.00 22.80 21.00 81.80 14.80 14.45 10.00 12.15 6.9814 4.021 2360-2405 686 370 4.4012 4.5012 11.10 11.21 182 905 210.224 11.75-11.87 6.24-3.28 1.49 1.61 180.189 Argentina Peso ... 217,60-17.85 | 11.86-11.88 | Australia Dollar ... 1.6825-1.6845 | 1.1265-1.1270 | Brazil Cruzeira ... 1,018-1.1265 | 682.0-685.0 | Friland Markka ... 85400-8.5525 | 6.7290-5.7310 | Brazil Cruzeira ... 138.40 160.30 | 92.50-82.80 | Hong Kong Dollar ... 1272-1.177 | 7.85-7.87 | 96.85 | Fran Rial ... 11.72-1.177 | 7.85-7.87 | 96.85 | Kuwaitbinarikto .04345-0.4365 | 0.2914-0.2915 | Uxambourg fr... 80.60-80.70 | 53-95-05.880 | Malaysia Dollar ... 65025-3.5120 | 2.8470-2.8490 | May Zasigad Dirig ... 22855-2.2905 | 1.8265-1.5360 | Saudi Arab. Rival 5.10-8.20 | 9.1570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.1890 | 91.570-0.18 

44,9008 9,14104 2,24184 9,87458 2,52595 0,72589 1403,49

Bolgien Fmnc ...
Oenteh Krono ...
Dermen D-Mark
Franch Franc ...
Outch Guilder ...
Irish Punt .....
ttalian Lim ....

THE POUND SPOT AND FORWARD apres

aproad Close
1.4310-1.5010 1.4935-1.4945 1.830-1.9460 1.8400-1.9410 4.46-4.49 4.77-4.487, 80.30-80.80 90.60-80.70 1.433-14.38 1.2730-1.2790 1.2785-1.2776 3.98-4.012 1.00-4.01 1.94-76-196.25 185-50-186.00 226-76-22750 2.7984-2391, 11.10-11.15 11.15-11.15 11.90-11.81 363-368 364-3865 28.05-28.20 2.810-28.15 3.24-3.27 One month p.a. months p.a.

par-0.05c dls	-0.20 0.12-0.17dis -0.39	
0.12-0.02c pm	0.46 0.14-0.04 pm	0.19
1½-1½c pm	3.89 4-3½ pm	3.55
0.74-0.23p dis	-1.97 0.54-0.39dls -1.77	
1½-1½p fm	1.57-440c dis	-1.98 6 510-1205ds -18.46
125-3.55c dis	-1.47 95 pm	3.87
14½-16½lire dis	-7.85 46½-45½dls -2.03	
14½-16½lire dis	-3.66 9.93-10.70ds -3.70	
3.4c dis	-3.66 9.93-10.70ds -3.70	
3.5-1.95cre dis	-3.66 9.93-10.70ds -3.70	
3.5-1.95cre dis	-3.66 9.93-10.70ds -3.70	
3.66 9.93-10.70ds -3.70		
3.67-1½c pm	-3.46 -2.40 pm	2.74
3.71 26½-21½ pm	2.73	
3.71 26½-21½ pm	3.43	
3.71 26½-21½ pm	3.43	
3.71 26½-21½ pm	3.43	
3.72 4½-4 pm	3.52	
4.74 pm	3.43	
5.53 4½-4 pm	3.43	
5.53 4		

| Tender | T Morgen Guernty changes: svemge 1990-1982 = 100, Bank ol England Index (base everage 1975 = 100). \*CS/SOR rate for Sept 12: 1,29511 THE DOLLAR SPOT AND FORWARD

	Day'a			7,	Three	
Sept 13	spread	Close	One month	p.a.	months	p.e.
UK†	1.4010-1.5010	1.4936-1.4845	par-0.05c dis	-0.20	0.12-0.17dis	0.36
l <i>r</i> efand†	1.1705-1.1745	1.1710-1.1720	0.30-0.26c pm		0.78-0.68 pm	
Canada	1.2310-1.2326	1.2320-1.2325	0.08-0.08c pm	98.0	0.22-0.19 pm	0.66
Nethind.	2.9845-3.0000	2.9985-2.9985	1.03-0.93c pm	3.93	2.77-2.87 pm	3.63
2elgium	53.76-53.98	53.86-63.98	53-43-c pm	1.14	10-72 pm	0.65
Denmark	9.5800-9.6110	9.6050-9.6100	21-24 ore dis	-3.12	3-1 dle	-0.31
W. Ger.	2.6645-2.6800	2.6785-2.6795	0.99-0.94pf pm		2-87-2.82 pm	
Portugal	123.90-124.50	124.15-124.45	110-280c dis			-20.08
Spein	151.85-152-00	151.85-151,95	170-200c dis	-14.61	525-625dls ·	-15.13
Italy	15942-1600	1599-1600	10-10-lire dis	-7.69	30-31 dis	-7.83
Norway	7.4175-7.4580	7,4530-7,4580	2.00-2,30ore dis	-3.46	9.10-6.40de	-3.36
France	2.0285-8.0915	8.0825-8.0875	2.00-2.15c dis	-3.08	9.50-9.80ds	-4.78
Sweden	7.8810-7.8990	7.8920-7.8970	0.85-1.05ors dis	-1.44	2.75-2.95da	-1.44
Japan	243.36-244.10	243.86-243.95	0.64-0.59y pm	3.03	1.93-1.85 pm	3.10
Austrie	18,75 - 19.82	19.801-18.813			19.75-16.25pt	
Switz.	2_1675-2_1800	2.1770-2.1780	1,13-1.08c pm		3.08-2.98 pm	
disco	ounts epply to	the U.S. dolla	I.S. currency. For end not to the france. Financial	e Indivi	duel currency	

### **EXCHANGE CROSS RATES**

Sept. 13	Pound St'rring	U.S. Dollar	Osutechsm'k	JapaneseYen	FrenchFranc,	Swiss Franc	Outon Gulid	I talian-Lira	Canada Dollar	Belgian Franc
Pound Starting U.S. Dollar	0.669	1,494	4,005 2,681	365.0 244.5	12.075 8.082	3.255 2.179	4,480 2,999	2891. 1600,	1,841 1,232	80,55 56,59
Deutschmark Japanese Yon 1,000	0,850 2,740	0,378 4,098	10,97	91,14 1000,	3.015 33.08	0.815 2,918	1_119 12,27	596.9 6549,	0,460 0,042	20.14 221,0
French Franc 10 Swiss Franc	0.828 0.307	1.257 0,409	8.317 1.230	308.5 112.1	5,710	2.095	8,718 1,376	1980. 734,4	1,524 0,565	66,79 24,78
Outch Gulider Italian Lira 1.000	0,293 0,419	0,333	0,694 1,675	91.47 158.7	2,695 6,051	0,727 1,862	1.874	533,6 1000,	0.412 0.770	18,00 33,65
Canadian Dollar Belgian Franc 100	0,548 1,240	0.812 1,852	9,176 4,966	198,5 452,0	5,561 14,97	1,769 4,080	2,434 5,555	1299. 2964.	2.268	43.82 100.

# **MONEY MARKETS**

# UK rates show little change

mixed changes yesterday com-pared with Monday's softer treod so the market reacted to a slight turnaround in U.S. interest rates. This was primarily a reflection of market uncertainty ahead of the

market uncertainty ahead of the U.S. Treasury's latest refunding ppckage.

Overnight interbank moocy npened at 91-91 per cent and rose to 10 per cent before slipping in the afternoon to a low of 6 per cent. Closing balances were token up to 10 per cent however.

UK clearing bank base lending rate 9½ per cent (since June 14)

UK interest rates showed mixed changes yesterday compared with Monday's softer treed so the market reacted to a slight turnaround in U.S. interest rates. This was primarily a reflection nr market uncertainty ahead of the U.S. Treasury's latest refunding

relaxed mood was underlined by the size of outstanding loans through the Lombard fecility. This had fallen to DM 4.3bn by Monday compared with DM 22.3bn last Friday. Banks bed previously drawn beavily on the 5 per cent Lombard facility ahead of a feared rise in the

# **LONDON MONEY RATES**

	Sterling Cartificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Oeposits	Company Osposits	Discount Market Doposits	Treasury 9HIs ¢	Eligible Bank Bills &	Fine Trade Bills &
Overnight	=	0 10	95g-97g 01g-95g	} = 1	=	912-104	712.10	=	= 1	=
7 days or 7 days notice	! ~	956-910	950	1 = 1	_	97g-101g	05e-93e	=	Ξ	=
One month	97.9.8	968-934 958 934	95g 95g	10.934 1014-978	9.4	. 10 10	91 <sub>2</sub> 95 <sub>8</sub>	91 <sub>9</sub>	94-9E	101e 101s
Three months.	97. 97	95e-03a 03a 944	94	10 lg 97g 95e 9 la	913 914 914	. <u>10</u>	914-956	914	94.04	9:5
Nine months	916 9 15	10 1018 1018 1014	97s 10	104 97g 101 <sub>b</sub> 97a	101 <sub>8</sub> 104	l· =	=	<u></u>		
Two yeam			1034-11			/ I	_	: = ]		

were token up to 10 per cent however.

The Bank of England forecast a shortage of around £450m later revised in £350m. Factors affecting the merket included meturing assistance and a take up of Tressury bills—£390m and £450m. The Bank gave help in the morning of £247m, comprising purchases of eligible bank bills, £61m in band 1 (up to 14 days) at 9½ per cent.

ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September 2 189 (inclusive) and the period of £123m in band 2 (15-33 days) of 9½ per cent.

ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September 2 189 (inclusive) and the period of £1247m, comprising purchases of eligible bank bills, £61m in band 1 (up to 14 days) at 9½ per cent.

ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September 2 189 (inclusive) as per cent.

ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September 2 189 (inclusive) as per cent.

ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September 2 189 (inclusive) as per cent.

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ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September 2 189 (inclusive) as per cent.

ECGO Fixed Rate Export Schomo IV. Averse Rats for interest period August 3 to September

# INTEREST RATES

**EURO-CURRENCY INTEREST RATES** 

Sept. 18	Short	· 7 days notice	Month	Three Months	Sb: Montha	One Year
Starling	958 954	236.934	0.5-01	91, 914	014-945	10, 10,
U.S. Dollar	25a-05a	012-23	] Obai-O?m !	278-101s	10,10,2	103g-105g
Can. Dollar	91-0	· 819.9	ا مَن0.0 ا	914 93g .	91934	! 10-104
C. Oulidar	67a 6	51a-6	07e-0	618-614	214 6 te	6 . 6 .
5. Franc		274-919	4415	4 4	4.44	459.45
Deretestati	556-51e	5.2	51g-55e 1	556-534	5 a 6	614-63e
Dentichw, Lk.				1434-16	16 to 16 to	163.17
Fr'noh Franc	1014-1214	: 194.1212	104-16			
talian_Lira	104-164	1534-1714	164-174	171 <sub>2</sub> -12	1914-1934	L TAIR-TAI
Belo. Franc				<sup>3</sup> 1		
Conv	6-61 <u>-</u>	94-84	834-014 1	Ort-52	934-1014	104-104
Fin	6-6 la	B14-214	85g-87g !	01g-05g 7	05g · 0 Tg	1016-105
'en	634-619	63a-67a	6H-6+3	6% 6 a :	6 ia -6 ia	651-678
2. Krone	14 4 · 16 4	1634-14 Fe	1054 13 la		114 114	11 lg-115g
Asia & (Sing.)	Ore 956	9.4.9	94.97	0:6-10	1D. 104	104-104

FT LONDON INTERPANK FIXING

6 month U.S. dollars		6 month U.S. dollara	
bld 97.8	offer 10	bid 101/8	offer 10 I

he haing ratee ers the anthmetic meane, raunded to the nearest enough of the bid end effored ratee for \$10m queted by the market to five more banks et 11 am aach working day. The banke are National Wasiminatar Bank of Tokyo, Dautsche Senk, Banque Nationale de Pens and Morgan

MONEY RATES	
NEW YORK Prims rato Fed funde (lanth-lime) Troceury bills 113-week) Trocaury bills (28-week)	11 0°,-95 9.05 9.10
GERMANY Lombard Overnight rers Line month Three months Sie months	5.5 6.50-5.56 5.65 6.95 6.30
FRANCE	

Sie months	6.30
FRANCE Instrument rate Instrum	12,25 12,6 12,4375 12,4378 12,5626
IAPAN Onscount late	5 5 8.46875 8.78125

NETHERLANDS	
_	
Giscouni rets  Ilvernight rets  One month  Three monthe	57 54-54 54-54 64-64 64-64
S CERTIFICATES OF D	EPOSIT
One month	9.5-0.6
Three months	9.85-9.75
One year	0.85-5.95 10.1-10.3
LONG TERM EURO S	
Two years	115-115
Three years	115-115
Four years	11%-12% 124-12%
,	
SDR LINKED DEPOSIT	S
One month	64-81
Three months	91 <sub>74</sub> -27 <sub>14</sub> 21-91
Une year	94-10

ECU LINKED DEPOSITS

# **Prices retreat**

DEUT

0.3774 0.3787 0.3772 0.383 0.3812 — 0.383 66 (83) 68 day's open int, 456 (442)

JAPANESE YEN Y12.5m S per Y100 Low Prev — 0.4141 Dec 0.4134 — u.-March Voluma při (5) Previous day's open int, 186 (186)

Prices weakened on the London loternational Financial Fulurea Exchange yesterday, in nervous trading as the market showed concern about the validity of last week's U.S. M1 mooey supply announcement. Despite strong denials by the Federal Reserve that the last M1 figures were incorrect the dollar galned ground on the foreign exchanges, and cash Eurodollar ratea rose. Trading in financial markets, including futures, was also restricted ahead of the testimony before Congress of Mr Paul Volcker, chairman of the Federal Reserve Board, and the announcement of the U.S. Treasury refunding package.

Eurodollar futures opened easier, after the previous weak close of U.S. credit markets, and maintolned a soft trend as Federal funds remoined around the 9½ level. The December contract began at 89.82, and touched a low of 89.78, before closing at U.S. CHICAGO

Specifical December with the previous settlement figure of 89.33.

Apart from fears about a possible rise in M1 laler this month, market activity was also limited by important economic of U.S. retail sales, and lomorrow's industrial production figures.

Gilt cash and futures prices failed to maintain Monday's very firm trood, as the pound lost ground 10 the dollar and confusion increased about the future direction of London domestic interest rates. December delivery opened at 106-18 on Liffe, and traded within a range of 106-06 to 106-27, before finishing at 106-15, compared with 106-28 on Monday.

Sbort-term sterling also declined. December began 1rading at 90.34, 9nd fell to a low of 89.78, before closing at 106-15 of 8 basis points

LONDON

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0.3787 0.3772 0.3800 — 0.3838

-	Pareto
NDON_	CHICAGO
MONTH EURODOLLAR SIM	U.S. TREASURY 20ND5 (CBT) (
Close High Low Prev \$3.43 \$9.57 \$9.78 \$9.59 \$9.53 \$9.59 \$9.51 \$9.64 \$9.31 \$9.35 \$9.26 \$2.43 \$9.14 \$9.271 (3.385) us day's open int. 5.110 (5.291)	Sept 72-06 72-10 71-29 Dec 71-23 71-27 71-12 March 71-07 71-10 70-21 June 70-25 70-27 70-15 Sept 70-13 70-16 70-05
MONTH STERLING DEPOSIT	Dec 70-04 70-07 68-28 March 69-31 69-31 69-20 June Sept
Close High Low Prev 90.43 80.50 90.43 80.60 90.31 80.37 90.29 90.39 90.05 90.11 90.01 90.12	March — — —
89.74 89.80 89.74 89.01 89.48 — 89.55	U.S. TREASURY 21LLS (IMM) \$1m pomts of 100"
e 750 (560) us day's open int. 3,472 (3,470)	Dec 90.67 90.71 90.62 March 90.35 90.40 90.33
R 12" NOTIONAL GILT 0 32nds of 100% Close High Low Prev	Sapt 89.57 90.01 99.97 Dec 89.01 89.85 89.81
103-23 103-28 103-20 103-28 106-15 106-27 106-08 106-28 106-00 106-11 106-00 106-13	March 89.67 89.68 89.66 ( June — 88.53 ( CERT, DEPOSIT (IMM)
105-10 105-29 105-14 105-30 105-00 — 105-15 a 3,401 (3,765)	Sim points of 100%
us day'n open int, 4,688 (4,476) quore (clean cash price of 185.11 my 1998 less equivalent price of	Sept 90.56 90.60 90.53 90.60 90.53 90.60 90.01 90.04 89.95 95 95 95 95 95 95 95 95 95 95 95 95 9
intures contract) per-08 (32nda)	THREE-MONTH EURODOLLAR (IMP 57m points of 100%
Close High Low Prev 1.4955 1.5000 1.4945 1.5048 1.4873 — 1,5062 e 223 (389)	Sept 89.99 90.02 89.94 90.02 89.50 10 10 10 10 10 10 10 10 10 10 10 10 10
US day's open int, 1,073 (1,076)	STERLING (IMM) So per £
DM DIA	Sept 1.4935 1.4950 1.4920 1.

65-23 65-16



# **COMPANY NOTICES**

T.C.H. INVESTME	NTS N,V.
NEITICE IS HEREBY GIV	
tach representing one- class "A" share of T.C.	tenth at ane
of Shareholders of T.C.) N.V. will be help at Gorstraweg, Willemstad.	8. John 8. Curacao, on
Inarsday 810 Octobe II JP a.m. The abonda for the m	ection and the
Annual Report 1082 er olders of Depositary R ince of Pierson, Helbri	e available for

### NATIONAL COAL BOARD 000,000,022.Z.U

81% Guaranteed Bonds 1988

S G. WARBUOG & CO. 170 - announce mai the redemotion installment of Gonds. Pae 15th October, 108s for rouninal value of U.S. \$3,000,000 has been met by Barchases in the masker U.S. \$23,000,000 monthal ended of Bonds will remain outstanding after 15th October, 1065. 30. Gresham Street, London, ECZP ZEB,

CAISSE CENTRALE DE COOPERATION Bonds Issue of US\$100,000,000 Floating Rate Notes 1982/2002

The rate of interest applicable to the interest applicable to the interest period from September 14 1983 up to December 14 1983 as determined by the reference agent is 10½ per cent per annum namely US\$259.10 per note of US\$10,000.

WESTERN MINING CORPORATION LIMITED U.S.\$50,000,000

9% Bonds 1992 S. G. WARBURG & CO. LTD. annound that the indemption installment of alonds, dae 15m October, 1988 for nominal value of U.S.11,563,000 to been met by outchases in the market U.S. \$28.062,500 cominal amound Bonds will remain octoberning efforts.

AKTIEBOLAGET SVENSK US\$20 000.000 91.52 Notes 1986 US\$20 000,000 912% Notes 1986
S. G. WARGURG & CO LTO an-momente that the semi-august redemo-tion instalment of Notes due 1576 October, 1285 for a nominal value of US\$1 437 000 has been met by pur-chases in the market.

US\$8 567,000 nominal amount of Notes will remain outstanding after 15th October, 1933. 30. Grashem Street, London, ECZP ZEE

**LEGAL NOTICES** 

IN THE MATTER DF COMPANIES ACT 1948 AND HOBWELL LIMITED

NDTICE IS HERESY GIVEN Pursuent to Section 293 of the Companies Act, 1948 that a MEETING of the CREDITORS of the above-nemed Company will be held at the ottices of Single & Company, Cheriored Accountants, oil 423 Alexandre Avanue, Harrow, Middlesex on 21 September 1983 at 11,00 s.m. for the pursoses mentioned in Sections 294 and 295 pf the Sald Act. Oaled this 5th day pl Septembe

BY Order of the Board, T. M. BYRNE,

The National Management Game provides an opportunity to practice realistic corporate decision making. Entry to NMG provides automatic free entry to the Plate competition for those unsuccessful in the First Round. This effectively gives all competitors a minimum of 10 training sessions.

The Program

The NMG is based on the new computer program, SIMBA 1 which spreads the decision making evenly over the business functions as well as setting stimulating problems in the competing claims for resources.

The Game The NMG is designed to demonstrate specific and detailed business situations with all the attendant problems, risks and consequences, which are simulated through a computer model.

Each team in the Game is, essentially, a company making decisions on the deployment of its resources in manufacturing and marketing products over a number of trading periods. The NMG puts

competitors into a boardroom situation where they must work together to thrash out balanced decisions within a fime limit and under pressure of competition.

The winning team is the one generating the largest profit at the end of the Game.

The Rewards

The winning feam receives £2,000. The next three most successful runners-up receive cheques for £1,000, £750 and £500, respectively. The Place competition offers a

third prizes of £500 and £250. All finalists receive an individual trophy in addition to the cash

top prize of £750 with second and

ENTRY FEE: £80 per team plus £12 for Entry to both NMG and "Plate."

Put vo	Entry to both NMG and "Plate."
Put your manageme £2000 to the v	onf at
£2000 to the v	skills to the tori
	vinning team

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For full details, call the NMG Administrator
on 07535 68181 or complete and return the coupon.
In: The Administrator, National Management Game,

loternational Computers Limited, Beaumont,	Old Windsor, Windsor, Berks. SL4 2JP.
Please tick appropriate bux  Please send me an entry form and full details of the NMG 84.	I encluse the Entry Fee of £80+£12 VAT.
Name	

ini details in the NMC 64.	m 180+112 VAT.	
Name		
Company (if applicable)		
Address		

Closing Date for Entries: Thursday October 27th.

The Financial Times, The Institute of Chartered Accountants in England and Wales, International Computers Limited. (... Associate Sponsors: The Institute of Directors. The Confragration of British Industry

# INTERNATIONAL CAPITAL MARKETS

EUROBONDS This announcement appears as a matter of record only.

World

raising

By Pater Montagnon, Euromarket Correspondent THE WORLD BANK yesterday

launched its first borrowing in Canadian dollars for 12 years with a

CS75m (U.S.S61m), seven-year Eurobond led by Wood Gundy and Swiss Bank Corporation Interna-

The World Bank, which is the largest single borrower io interna-tional fixed rate debt markets, has

always previously found Canadian dollars too expensive. But officials

at its Washington headquarters said yesterday that the currency

had become attractive again be cause of the narrowing of the interest rate differential with the U.S.

Its new issue bears a coupon of 12's per cent at par, while a recent U.S.\$200m offering bears a 12 per

The timing of the issue was, how-

ever, largely determined by a swap opportunity. The World Bank is to

swap the proceeds into Swiss francs, traditionally its preferred

currency for porrowing because of the low nominal rates of interest

The bonds were quoted last night

In the U.S. dollar sector, the European Investment Bank launched a \$150m, 10-year, 11:4 per cent bood

at par through Swiss Bank Corp In-ternational, Banque Nationale de

Paris and Deutsche Bank, The

bonds were slow to move and

traded at a discount of about 1% in a

market that still lacks strong inves-

for support.

Despite two weeks of good money

supply figures from the U.S., investors are still uncertain about interest rate trends. Monday's rally,

which was used by many professional dealers to offload excess inventory, petered out yesterday and prices shed about % point on aver-

Citicorp's new \$100m, 11% per cent issue slipped to a discount of 214 per cent from its par issue price.

Cootinental bond markets were

little changed on balance.

WORLD

ECONOMIC

Onlyinthe

INDICATORS every Monday-

Financial Times

at a discount of around 1%, indicating that market reception was good with the rarity of the name in this sector offsetting a fairly tight issue

cent coupen.

available.

# **Consumers Power Company** U.S. \$250,000,000

Medium Term Loan

Arranged By

Bankers Trust International Limited

Morgan Stanley International

Lead Managers

**Bankers Trust International Limited** 

The First National Bank of Chicago

Mellon Bank, N.A.

Norwest Bank Minneapolis N.A.

The Royal Bank of Canada Group

Samuel Montagu & Co. Limited

Security Pacific National Bank

Provided By

Bankers Trust Company

Mellon Bank, N.A.

The Royal Bank of Canada

The First National Bank of Chicago

The Gulf Bank, K.S.C. (New York Agency)

(Overseas) N.V. Banco Central of New York

City Federal Savings and Loan Association

Commercial Credit International Banking Corporation

The Fuji Bank, Limited

The Mitsubishi Bank, Ltd. Grindlays Bank PLC

Norwest Bank Minneapolis, N.A.

Samuel Montagu & Co. Limited

American Scandinavian Banking Corporation (Cayman Islands Branch)

Central Penn National Bank

Bank für Arbeit und Wirtschaft AG

Mitsubishi Trust and Banking Corporation

The Hokkaido Takushoku Bank Ltd. The Savings Bank of Baltimore

New York Branch The Sumitomo Trust and Banking Co., Ltd.

First Los Angeles Bank

New York Branch The Toyo Trust and Banking Co., Ltd.

Banco di Roma

Istituto Bancario San Paolo di Torino Los Angeles

This loan was arranged in connection with an interest exchange agreement.

Agent

**Bankers Trust Company** 

# A FINANCIAL TIMES SURVEY

The Financial Times proposes to publish a Survey on the Advertising Industry in its issue of October 13 1983. The Survey will be edited by the FT's regular advertising correspondent—Feona McEwan—and will also include contributions from David Churchill and Anthony Thorncroft.

The Survey will cover:-

Introduction: The advertising industry has ridden high through the storms of economic recession. An assessment of its current state of health and its prospects for the year ahead.

Overseas Markets: The Americas, Europe and Japan.

International Advertising: A review of trends among multi-national advertisers and agencies. The Media: Television, Cable and Satellite, Press, Posters, Radio, Direct

Mail. Cinema. The Agencies: How the traditional agencies and the newer, more specialist

Profiles of some of the more startling campaigns for 1983.

Advertisers: The Top Ten.

Specialist Advertisers: Charities, Political Parties, Professions and Financial Costs: An analysis of the costs that affect the industry and a look at the

commission system. To guarantee your advertisement appears in the Survey let us know your requirements as soon as possible

For further information and advertisement rates please contact: Peter Minett

Financial Times, Bracken House, 10 Cannon Street, London ECAP 4BY Telephone: 01-248 8000 Ext. 4920 Telex: 885033

The size, cootents and publication dates of Surveys appearing in the Floancial Times are subject to change at the discretion of the Editor

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The Bank in following are closing prices for September 13.

topouring are ent-ing		10. 44P12.		
U.S. DOBLAR			Change on	
STRAIGHTS	broad	Std Offer	day week	Yield
Senes 8: S Fin 101's 90	100	924 4 431 4	-03 × 6	11.84
Eans of Accence B 88 XW	1581	85" a 86"	-Bts - Dts	12.23
Bank of Tokyo Hald 11 90	100	933.4 8414		12 35
Breigh Col Hyd 101a 88	200	55'k 00%		11.35
CCCE 1174 07	100	81:5 8535		12.67
C15 E. 11 SO	75	3014 3114		13.61
Category 8 5 102's 90	160	8114 5234		12.14
Coce Cola let 91 a 87	100	92% 92%	+014 + 128	11.24
Cred Succe BAH 101-2 SD	1501	\$41.2 Ø5 \$61.2 \$7	814 174	11.23
Credit Susse 1847 89	1001	1214 9244	D3 - D1	12.53
Ben Rorsk Crad 1114 83	5D 150	07% 98%	-Dr - Bha	11 53
EC 5 C 1124 90	75	597. 591.	B1 - B4	12.58
EDC 1024 88	100	9612 57	-074 -054	11.71
E.D.C. 1134 87	100	994 1994h	-87/8 147/2	11.77
ED 7. 11 1 03	100	\$1% S1%	-824 +B/4	12.78
E E.C. 1034 95	75t	272 4 2814	-027 -047	12.77
EEC 11 87	<b>358</b>	D724 9844	-03s C	11.85
E.1.8 1024 93	500	9175 9119	-D+7 - D46	12.25
E1.9. 11 81	125	337, 941.	-039 +034	12.23 12.35
Beckroker 1817 90	50	8115 92 932 932	6 · 1\*	12.79
Ensenth Fin 114 4 93	100	D134 9244	-01 B1-2	12.69
Fup Int Fin 102's 20 Gen Elec Creekt 944 91	100	9814 8114	0 .974	11.54
SMAC 0:5 Fin 1017 90	200	95** 96%	+D2= +1	11.41
Honeywell Int 104 90	160	9714 9724	B1-4 -804s	11.28
Indust Bir Japan 18 's 88	100	9574 9614	618 + Es	12.01
Japan Air Lees 181's 98	43	3612 8134	-0% - 0%	12.19
Japan Air Lines 11 53	75	94 041/12	-0707-	12.01
J P Morgan 112 a 90 XW	158	97% 983	-0%s -0%s	11.70 11.96
Leve Strates Int 11 90	75 100	95% 99% 81% 82	-D1 - D3.	12 81
LT C.S. 1824 90	200	8414 B454	D1 + 11 x	11.47
Stigland by Fig. 1117 82	150	951 967	81. Bt.	12.28
Mutsubishi Corp 101/2 90	180	02/1 03%	-87's +83's	12.03
Mitseluste Fig 112 80	100	3378 94Xa	-070 - 074	12.58
Region Credit 1 1 98	100	923- 921-	- B3 - B4-4	12.67
Repport Credit 11% 93	100	327s 837s	-014 +024	12.50
O.K.B. 1001	100	201/2 0014	07. 0	12.19
Ontario Hydro 101 a 90	25D	9212 93	- 074 - 074 - 0742 - 074	11.85
Detario Hydro 1114 89	200	10244 1031%	-014 -018	11.54 12.20
Protected 8-S 10% 93	200 100	9434 951	D1 12	11.51
Production 8 '5 1274 D7	150	103% 104's	. O . O	11.43
Systematric Pr 1024 (II)	125	94 941/2	- D1/4 +814	12.84
5 M C.F. 1112 83	100	34% 951's	DL2 -012	12.42
50 CM Edicate 1817 50	75	341 957	-878 -D74	11.56
Sametama Fen 102/a 90	1 <b>0</b> B	8154 82VE	-814 1024	12.71
5 mrss Bk Corp 1044 50	1251	95% 85%	-84z +024	11.11
Texaco Capital 93% 90	150	9250 8314	-01/2 -03/9	11.33
U 8 S. 10 89	100	9572 9518	- 92/6 - Dr. 4	11.58
U.8 5 11 89	150	387F 331F	(Pa - 91)	11.87
Westpec Int Fig 11 00	100t*	011/2 92 9534 981/4	#1 #1 Bla +0%	12.88 11.51
World Bank 10% 88	100	931/4 933/4	0 -0%	12.03
World Bank 114 88	100	58 5812	-07	11.72
World Bank 1117 90	150	57 974	8% + P.	12.10
474-12 Delle 11-2 DD				

World Bank 1117 90	150	57		-8%	+11.2	12.10
As, price thing	es: on th	N Lie	DE MON	+34		
DEUTSCHE MARK				Chees	<b>1</b> 00	
STRAIGHTS	lagued			day I		Yinde
Air Canada 73's 83	100		383,5		-81/4	7.67
AUAS 8'4 88	100	agr.	100	8	9	8.30
Austria, Rep 76's 88	100	82\÷			-Dr.	7.92
Austria, Rap 8 93	108		10071		+07.1	7.55
Aven by Fin 719 93	100	871.7	38**	+01/4	9	7.82
9 F C.E. 84 90	150	3924	10014	-0°	-11-4	0.25
Comp let Nac Esp 814 93	100	941/2	3543	B	8	8.83
Doutsche Bank 31's 81 WW	248	1054	186 46	-044	-04%	2.63
Geutsche Bard 37/4 01 XW	248	10	001/2	C	-024	7.18
Deepther Finance 4 90 WW	25B	18872	1091/2	-0%	-814	2.54
Dresdor Finance 4 96 XW	25D	83	861/2	D	-812	7.20
E C.S.C 8 90	160	335	10074	-07/4	-02/8	3.95
EEC 84 93	250	100Va	1005v	8	-02/4	8.18
Eurofina 747 90	100	98	4824	+01/4		7.81
Finland Rep 7 47 88	150	881/2	95 Ve	-BVa	-DT/a	7.78
int Am Dev Bk 74a 93	200	2514	8574	8	+834	2.44
Int Standard Be 724 83	100	321/2	3914	+0%	-BVe	7.81
Jaman Dev Bank 7 % 60	100	28Va	995%	9	+044	7.84
Kobe Cov 7 93	120	9434	25%	ē		7.70
L7.C.B. 8 90	100	087/6	100%	+824	+814	8.D4
Renacit Acceptance 8 00	15D	874	87 be	+87/4	-012	8.48
5.8 F France 7% 93	100	981/2	9714	+81/0	-1	8.35
Sm African Team BVa 00	100	3814		0	-012	#.54
Volkswagen by 74 93	200	Tava		+014		7.93
World Bank 74: 00	250	9912		+81/0		D.11
World Bank 747 83	300	251/4			-01/2	8.10
Ar. price chart						
Prince Challe				Ph	_	

SWISS FRANC				Chapter	OR OR	
STRAIGHTS	issend	Bid	Offer	day	(mark	To
AK20 544 53	166	981/2	3824	8	+ 81/2	5.
Bank of 7pkyo 6 91	100	281 W	1011/2	-8Va	-02/4	5.
Bergen, City of 574 95,	40	9DV2	587m	-01/2	-U/a	6.
Carts-Takon Bres 544 93	88	1011/2	101%	-874	+81/2	5.
Displaye Co 549 83	50	57 Vs	8740		-0.00	6.
Dermark 84a 61	100	10174	1014	-84	+50	G,
E B.C. 534 81	100	90%	583·e	+0%	-54	5.
E.I.B. 544 93	1001	9914	5374	+04	+074	5.
Earlin Blk Japan 564 81	100	9974	1804	+17	+175	5.
led Fund Freiand 64 81	40	181	1014	+0%	-094	6.
lot-Act Day B4 EVe 83	100	101 %	18175	- 12	- 576	5.
Japan Dev Bank 51/2 93	100	38	9844	+04	-07%	5.
Kansai Blec Power 6 81	100	1011/2	102	+ 074		5.
Karrasaki Steel 6 Vs 81	100	1011/2	101%	+814		5.
Montreal Orban 534 93	100	160%	100%	+8%	-842	5.
Mount Isa Finance 6 93	100	1021/2	1023	+ 074	+81/2	5.
Nisslan Steel 6 Vs 01	100	99%	100		+844	E.
North Hydra 542 98	1001	26	3644	-1	-144	5.
Oster Dravirsk 8 93	100	1821/2	102%	+014		5.
Osterr Post 6Vs 81	100	1027/2	182%	+8Vz	-04	5.
Outbet Hydro 51/2 93	100		1814	+ 11/2	- BVs	5.
Sekisari House B 93	100		1011/2	+81/2		5.
Scupingro Metal Ind 5 01	100		18172			5.
Tohoku Elec Power 8 53	100		10077		-514	5.
				-	-	

'No information trailable-previous day's price. † Only one market ranker amplied a price.

in sulfigns of currency truts except for Yes bunds where it is an bulkons. Change on week - Change over price a wook earlier.

leading Rate Notes: Denorcinated in dollars unless otherwise Indicated Coo-gus shown is minimum. C. date - Date Next coupon becomes offective. Spread - Margin above six-manth offered rate 11°t three match; 5 above treat rate) for U.S. dollars. C.Con. - Carrent Coupon. Co. yid - Carrent yield.

warble bands: Denominated in dellars unless otherwise indicated. City day Change on day, Div. date - First date for conversion into shows. City, proc Moreusal amount of band per share expressed in currency of share at con-ersion rate final at issue. Proce - Percentage promitors of the corrent effec-

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# COMPANY NOTICE

# Notice to Holders of

Ordinary Share Warrants to Bearer

Final Dividend

in London at:

Subject to approval of the proposed final dividend of 16p per share at the Annual General Meeting to be held at the Hotel Inter-Countental, I Hamilton Place, London, W.L., on Wednesday, 2 November 1983 at 11.30 am, the dividend will be paid on 14 November 1983 or at the expiration of six clear days after lodgment thereof, whichever is the later, to holders of Coupon No. 135 detached from Ordinary Share Warrants to Bearen Payment will be made:

Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA.

Lloyds Bank International (France) Limited, 43 Boulevard des Caputines, 75061 Paris, Cedex 02.

in Zurich at: Union Bank of Switzerland, 45 Bahnhofstrasse, 8021 Zurich.

Consolidated Gold Fields PLC 49 Moorgare, London EC2R6BQ

# International Guide to the Arts

Every Friday, the international edition of the Financial Times publishes a comprehensive guide to all major artistic functions in Europe and North America.

The latest productions in the visual and performing arts are listed while Financial Times critics offer topical reviews of the most recent film premieres in London.

The guide also appears in extended form daily with particular emphasis on music (Monday), opera and ballet (Tuesday), theatre (Wednesday) and exhibitions (Thursday).

